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Extend National Wool Act of
1954.

Pt. 1-2







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EXTEND NATIONAL WOOL ACT OF 1954

HEARINGS
BEFORE THE
SUBCOMMITTEE ON
LIVESTOCK AND FEED GRAINS
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH CONGRESS

SECOND SESSION

ON

**H. R. 9518, H. R. 9519, H. R. 9532, H. R. 9535,
H. R. 9539, H. R. 9675, H. R. 9859, H. R. 9895,
H. R. 9921, H. R. 9973, H. R. 9995, H. R. 10016,
H. R. 10049, H. R. 10192 and H. R. 10567**

FEBRUARY 11 AND 12, 1958

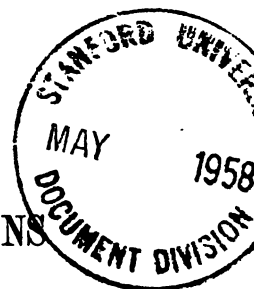
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EXTEND NATIONAL WOOL ACT OF 1954

TUESDAY, FEBRUARY 11, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10 a. m., in room 1310, New House Office Building, Hon. D. R. Matthews presiding.

Present: Representatives Matthews (presiding), Hill, Johnson.

Also present: Representatives Cooley and McIntire; John Heimburger, counsel; Mabel C. Downey, clerk.

Mr. MATTHEWS (presiding). Ladies and gentlemen, I think we will get started on our hearings this morning.

We have before us several bills which will be made a part of the record at this point:

(The bills referred to and Department report are as follows:)

[H. R. 9518, 85th Cong., 1st sess.]

A BILL To extend the National Wool Act of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 703 of the National Wool Act of 1954 is amended by striking out "March 31, 1959" and inserting in lieu thereof "March 31, 1963."

[H. R. 9519, 85th Cong., 1st sess.]

A BILL To extend the National Wool Act of 1954

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 703 of the National Wool Act of 1954 (68 Stat. 910) is amended by striking out "March 31, 1959" and inserting in lieu thereof "March 31, 1963."

[H. R. 9532, 85th Cong., 1st sess.]

A BILL To extend the National Wool Act of 1954 (68 Stat. 910)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 703 of the National Wool Act of 1954 (68 Stat. 910) is amended by striking out "March 31, 1959" and inserting in lieu thereof "March 31, 1963."

[H. R. 9535, 85th Cong., 1st sess.]

A BILL To extend the National Wool Act of 1954 (68 Stat. 910)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 703 of the National Wool Act of 1954 (68 Stat. 910) is amended by striking out "March 31, 1959" and inserting in lieu thereof "March 31, 1963."

[H. R. 9539, 85th Cong., 1st sess.]

A BILL To extend the National Wool Act of 1954 (68 Stat. 910)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 703 of the National Wool Act of 1954 (68 Stat. 910) is amended by striking out "March 31, 1959" and inserting in lieu thereof "March 31, 1963."

DEPARTMENT OF AGRICULTURE,
Washington, D. C., January 16, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR CONGRESSMAN COOLEY: This is in reply to your letter of August 30, requesting a report on H. R. 9539, a bill to extend the National Wool Act of 1954 (68 Stat. 910) for an additional 4-year period. This report also applies to H. R. 9995.

The Department recommends the extension of the National Wool Act of 1954.

The act provides for an incentive price for shorn wool to be established at such level as the Secretary of Agriculture, after consultation with producer representatives and after taking into consideration prices paid and other cost conditions affecting sheep production, determines to be necessary to encourage an annual production of 300 million pounds of shorn wool. Growers sell their wool in normal marketing channels. After the end of the marketing year and the average price received for shorn wool during the marketing year by all producers is known, payments are made to bring the national average return per pound up to the incentive level. The act also provides for the support of pulled wool and mohair. Under the existing legislation, such support is limited to wool and mohair marketed during the period beginning April 1, 1955, and ending March 31, 1959. In addition to supporting prices for wool and mohair, the act authorizes the Secretary to enter into agreements with marketing cooperatives, trade associations, and others for the purpose of developing advertising and sales promotion programs, such programs to be financed by deductions from payments.

Wool is one principal agricultural commodity in which our country is deficient in production. The act was developed to handle the special problem of price assistance for domestic woolgrowers without (a) adversely affecting foreign trade, (b) adversely affecting the competitive position of wool with imported wool and other fibers, and (c) having the Government in the wool-merchandising business. The payment program under the act is an alternative to supporting wool prices by loans or purchases or by raising the tariff to protect domestic growers' prices against the lower prices of imported wools. Support by loans and purchases resulted in domestic wools accumulating in the hands of the Government while mills looked to imported wools for an increasing share of their requirements. Raising the tariff to obtain higher prices in the domestic market would adversely affect foreign trade and also the competitive position of wool with other fibers.

The incentive price for shorn wool was established at 62 cents for the first marketing year of the payment program and has been continued at that level for each year since. The payments the first 2 years were greater than anticipated when the 62-cent incentive level was first established because of the greater than expected decline in the prices received for shorn wool in the free market. The national average received by producers for the 1955 marketing year was 42.8 cents per pound and for the 1956 marketing year, 44.3 cents. Part of the decline in prices may have been the cost of getting back to a free market after several years of support at fixed prices. Also the CCC stocks accumulated from the previous price support loan programs were a depressing influence on market prices at the outset. The monthly average prices received by growers for shorn wool declined from early 1955 to a low of about 38 cents in January 1956 but in early 1957 were at their levels of 1952, 1953, and 1954. Consequently, the amounts of payments henceforth are expected to be less than the first and second years. Each 1 cent the national average price received by growers in the free market approaches the incentive price means around \$3 million less required in payments.

Under the act the total payments are limited to 70 percent of the specific duties collected on wool and wool manufactures since January 1, 1953. These amounts have ranged from 25 to 35 million dollars a year—\$28 million last year. Through March 27, which includes the years 1953 and 1954 plus the first 2 years of the new program, the total was \$128 million. Payments totaled approximately \$58 million the first year and around \$53 million the second. Deducting these \$111 million in payments from the amounts available for payments, leaves a \$17 million balance for the current and later years to cover payments in excess of duty collections.

With regard to the progress being made toward increased production of wool in accord with the intent of the act, sheep numbers and wool production continue at low levels. Shorn-wool production in 1957 is estimated at 226 million pounds compared with the 300-million pound goal under the act. The net decline in

wool production the last few years has been primarily due to reductions in sheep numbers in Texas and several of the Western States where severe drought conditions prevailed. Due to the nature of the enterprise, year-to-year increases in wool production can be expected to be only gradual even under most favorable conditions.

Attached is a table showing the number of stock sheep in the United States: domestic production, imports, and consumption of wool; prices received by producers for shorn wool; payments made under the National Wool Act of 1954; and duty collections on imports of wool and wool manufactures by years.

Enactment of this proposed legislation would continue the existing program and would result in no increase in employment or in administrative costs.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE, *Acting Secretary.*

EXTEND NATIONAL WOOL ACT OF 1954

Number of stock sheep in the United States; domestic production, imports and consumption of wool; wool prices and payments under the National Wool Act of 1954 and 70 percent of duties collected on wool and wool manufactures

Year	Stock sheep on farms Jan. 1 (1,000 head)	Wool production (million pounds) ¹			Wool imports for consumption ²	Mill consumption ³	Wool prices (cents per pound)		Wool payments ⁴			70 percent of specific duties
		Shorn	Pulled	Total			Received by producers	Support level	Shorn wool (percent)	Unshorn lambs (cents)	Total amount (million dollars)	
1938	44,972	360	103	463	45	499	19.1	18.0				
1939	45,463	362	103	465	133	666	22.3	18.0				
1940	46,266	372	99	471	269	705	28.4					
1941	47,441	388	105	493	761	1,169	35.5					
1942	49,346	388	107	495	1,039	1,274	40.1					
1943	48,196	379	104	483	903	1,371	41.6	41.7				
1944	44,270	388	118	506	784	1,311	42.3	42.4				
1945	39,609	308	113	421	950	1,339	41.9	41.9				
1946	35,525	281	98	379	1,075	1,385	42.3	42.3				
1947	31,805	251	91	342	589	1,195	42.0	42.3				
1948	29,486	232	75	307	560	1,103	49.2	42.3				45.9
1949	26,940	213	57	270	352	770	49.4	42.3				22.0
1950	26,182	217	52	269	568	993	62.1	45.2				51.6
1951	27,251	228	41	269	618	869	97.1	50.7				53.9
1952	27,944	233	54	287	565	788	54.1	54.2				22.4
1953	27,593	232	68	300	377	814	54.9	53.1				23.5
1954	27,079	236	70	306	236	613	53.2	53.2				25.4
1955	27,137	234	67	301	256	639	42.8	62.0	44.9	77	55	31.5
1956	27,012	232	64	296	236	674	44.3	62.0	40.0	71	53	28.2
1957	26,370	226										

¹ Converted to domestic greasy shorn equivalent on basis of 1 pound pulled wool equal to 1.6 pounds greasy shorn wool.

² Apparel wool converted to domestic greasy shorn equivalent on basis scoured yield equal to 44 percent of greasy shorn wool.

³ Shorn wool, percent of net proceeds received by each producer, unshorn lambs, cents per hundred pounds liveweight.

⁴ Estimated.

⁵ Marketing year beginning Apr. 1, 1955; calendar year prior to 1955. For January-March 1955 period 70 percent of specific duty collections totaled \$8,000,000.

⁶ Preliminary.

Prepared by Livestock and Dairy Division, CSS, Jan. 16, 1958.

Mr. MATTHEWS. I want to make an explanation to you ladies and gentlemen who have come from some distance to appear before our committee. I regret very much that we do not have a large number up here. I would like to assume that we make up in quality what we lack in quantity here this morning.

This committee is nonpartisan, but many of our colleagues have made plans a year ahead of time to make special talks during this week. And that is the reason that they are not here with us this morning.

We feel that we have an obligation to you, ladies and gentlemen who have come a long distance to be with us and despite the fact that we do not have the full committee here, we want to assure you that the full committee will be informed of your testimony, it will be in the record. We think we can give you the opportunity of a good hearing, in spite of the fact that a number of our members are away.

We are delighted to have the ranking minority member, Congressman Hill, with us, and most of you know Congressmen Johnson, Dixon, and myself.

With the permission of our witnesses who have come from some distance, we have two Members of Congress here, who have a very brief statement to make, and I am going to give them the opportunity to make their statements because they are members of other committees that are meeting at this same time, and they will have to leave soon. I am going to ask first of all Senator Yarborough to present his statement.

Mr. HILL. I would like to make this request, that Congressman Keith Thomson of Wyoming have an opportunity to file his statement following the testimony that we have here of the Senator from the State of Texas and other Members of Congress.

Mr. MATTHEWS. Without objection, permission is granted. Following the Senator's testimony, Congressman Thomson of Wyoming and other colleagues who would like to present testimony may do so in the record at this point.

Senator Yarborough, we will be delighted to hear from you.

STATEMENT OF HON. RALPH YARBOROUGH, A UNITED STATES SENATOR FROM THE STATE OF TEXAS

Senator YARBOROUGH. I greatly appreciate your courtesy in letting me present this brief statement, particularly in the light of the informed witnesses who are leaders in the wool industry from over the Nation. I only ask this permission to present mine first because I am a member of the Senate Post Office and Civil Service Committee, that is meeting at 10 o'clock, and they have a little difficulty obtaining a quorum. They meet the same difficulty that this honorable committee is meeting this morning. I am pledged to leave here and go there as soon as possible. It is my privilege to be a coauthor with Senator Barrett of Wyoming, that great wool-producing State that has been mentioned here, of a bill pending in the Senate, on which hearings have already been held to extend the Wool Act of 1954, which expires this year for an additional 4 years.

I consider this a privilege to be here because our State is a leading wool-producing State, and we are concerned with this decline because 10 or 11 years ago Texas produced about 25 percent of the wool

produced in the United States. In 1957 we produced only 10½ percent of the wool produced in the United States. The wool-growers there have had to combat 7 years of drought in addition to the economic factors that have otherwise worked as adverse forces on the wool industry. And other persons who will appear before this committee, Mr. Kincaid, president of the Texas Sheep & Wool Growers Association, who is well informed on this question.

Mr. Chairman, I would like to point out that the number of sheep in this country is far smaller now than was the case 10 years ago. In my own State of Texas, we had, in 1945, 8½ million head of sheep. In 1957, after 7 years of drought, we had 4,700,000 head of sheep. The sheep population is about cut in half. You cannot double the number of sheep, in a year's time. And wool is a critical material, a strategic material.

At the beginning of World War II we were caught short with an inadequate supply of wool. We tried to import it from South Africa, and from Australia, and that first year the German submarines stopped about 85 percent of our wool imports.

The aim of the National Wool Act is to stimulate production so that we will produce domestically one-third of the wool we consume. Even if the purposes of this act are successful we will be importing two-thirds of our wool and producing only about one-third.

I would like to point out also that with the end of the drought this extension of this act is needed as a stimulation to wool production.

We are not in the status on wool that we have with cotton where we can produce our domestic needs and export millions of bales.

Sheep on the farms and ranches of the United States number about 27 million head this year, and as I have stated about 4,700,000, or about 18 percent of these are on the Texas farms and ranches. So our area is very much interested in the act.

There have been objections from some wool producers to the act. But last fall, to find out what this situation was, I made a factfinding trip on the Edwards Plateau region of Texas in the great wool-producing area around San Angelo, Sonora, and the other wool-producing centers, and I found that the overwhelming majority of the woolgrowers there think that the act has not been sufficiently supported and that it is absolutely essential if we are to keep up this domestic production of one-third of our national needs. This has led to other industries.

We now have industries in Texas that are engaged in scouring this wool to get the grease out. We have wool textile plants at Houston, Eldorado, Brownwood, and San Antonio, although most of our wool is shipped out of the State to Boston and other great markets for processing and for use in the textile plants in the eastern part of the country. But the most important of the manufacturing phase is probably the processing phase in my State where efforts are being made to scour the grease to put it in a premium class where it will bring more money.

Mr. Chairman, I have a little bit more extended statement than that describing the terrain and the vegetation problem in Texas during the years of drouth. In the interests of this committee and knowing that many experts will follow me and they will doubtless cover all of these fields, I would like to just file my statement with the reporter.

I have given a brief condensation of it here.

These facts will be presented orally when I look at this list of expert witnesses, and I am certain that the committee will hear anything else that I might have in my statement.

Thank you.

Mr. MATTHEWS. Without objection the extended statement will be filed for the record.

(The statement referred to is as follows:)

STATEMENT OF RALPH YARBOROUGH, A UNITED STATES SENATOR FROM THE
STATE OF TEXAS

Mr. CHAIRMAN. I appreciate this opportunity to appear before your committee on behalf of the sheep and wool producers of Texas. Sheep and wool producers in the State of Texas have a vital concern in the extension of the 1954 National Wool Act. I should be remiss if I did not call your attention to the fact that Texas producers lead the Nation in wool production. In 1957, they had an estimated clip of 37.4 million pounds; approximately 16.5 percent of United States production. Wyoming stands second with approximately 8.3 percent of total United States production.

In earlier years, Texas' share was even larger. I would like to call your attention to the sharp decline in wool production in Texas since 1945. The decline has been much greater than in the United States as a whole as is indicated by the following data:

Production of shorn wool in the United States and Texas, 1945 to date ¹

Year	United States production (1,000 pounds)	Texas production (1,000 pounds)	Texas production as percentage of national production
1945.....	307,976	74,816	24.29
1946.....	280,908	71,263	25.36
1947.....	251,425	61,946	24.63
1948.....	231,770	55,653	24.01
1949.....	212,899	50,376	23.66
1950.....	216,944	51,480	23.72
1951.....	228,091	48,712	21.35
1952.....	233,309	46,277	19.83
1953.....	232,258	43,492	18.72
1954.....	235,807	45,408	19.25
1955.....	233,370	45,137	19.34
1956.....	231,754	41,938	18.09
1957 ²	226,000	37,400	16.50

¹ USDA cumulative supplement to wool statistics and related data. Washington, March 1957, p. 6 (Agricultural Marketing Service, Statistical Bulletin No. 142).

² Texas University. Texas Business Review, vol. XXXII (1), January 1958, p. 14 (Bureau of Business Research).

Sheep on farms and ranches in the United States number more than 27 million head this year. Of this number almost 5 million, or more than 18 percent of all the Nation's sheep are on Texas farms and ranches.

The importance of the sheep and wool industry of Texas cannot be measured by income and production statistics alone, for this industry supplements agriculture on many ranches, utilizing more efficiently, land which otherwise would be only partially productive. This is particularly true of the Trans-Pecos and Edwards Plateau regions, where approximately three-fourths of Texas sheep are grown—areas which have excellent conditions for sheep raising with respect to climate, terrain, and vegetative cover. Utilization of these rangelands by the sheep industry represents the most efficient use of these geographic factors.

The sharp decline of the sheep and wool industry in Texas in the last decade is the result of both unfavorable prices and unfavorable weather. I need not dwell on devastation caused by the prolonged drought the past few years in the sheep producing areas of Texas.

Fortunately, we now have sufficient moisture on our sheep ranches to produce substantial vegetation again. Sheep numbers on farms in United States January 1

are expected to be somewhat higher this year than last, a reversal of an almost continuous downward trend in the past 15 years. With the improved moisture conditions in Texas we expect an increase in sheep numbers in our State too.

If we have more normal weather conditions in the next few years, sheep and wool production should recover rapidly in Texas. But to have a healthy sheep and wool industry Texas ranchers must have both normal weather and a satisfactory price for the wool.

Texas ranchers are vitally interested in the extension of the 1954 National Wool Act. They have suffered enormous losses in the past few years because of the unfavorable weather. It would be most unfortunate, now that weather conditions have improved, if they should find that their opportunities for recouping a part of the losses have been denied them because of our failure to renew the 1954 National Wool Act which provides for supplemental payments out of tariff revenues.

With tariffs on wool imports at only about 17 percent of the price for domestic wool, imports prevent wool prices from reaching levels which are an incentive to maintain sheep and wool production in Texas. It is absolutely essential that the 1954 National Wool Act be renewed if there is to be an incentive for our Texas ranchers, financially handicapped by years of drought, to make a comeback in wool production.

Wool is important—even strategic—to the defense requirements of the country. Yet we import about two-thirds of our domestic consumption requirements. The Armed Forces have found no substitute for wool and continue to require large quantities each year.

Texans' concern for reversing recent trends in sheep and wool production has an industry angle. They have made strides toward establishing wool scouring facilities within the State in an effort to compete more effectively in marketing graded wool. In 1954 and 1955 scouring facilities were doubled, with plants at Brady and San Marcos now capable of cleaning nearly 30 million pounds of grease wool annually.

The efforts of leading producers, growers, organizations, chambers of commerce, and other interested Texans in establishing wool textile plants have met with moderate success. Today, wool textile plants are located at Houston, Eldorado, Brownwood, and San Antonio. While developments in this activity are limited, it is hoped that with a reversal in wool production trends an expansion of textile plants will eventually occur.

These are, then, some of the important factors relating to the wool industry in Texas which cause us to urgently request extension of the 1954 National Wool Act for a 4-year period. We now have favorable moisture conditions on Texas ranges which give much hope to sheep ranchers. When we can promise them an extension of the 1954 Wool Act, they can look forward to the future with renewed faith.

Mr. MATTHEWS. I want to assure you that we appreciate your testimony.

Senator YARBOROUGH. The House was taking a percentage of the tariff collected on the imported wool, to pay these incentive payments. I am certain that will be presented by the Agricultural Department and others. We are a great agricultural State and I think the Wool Act is the most successful of all of the agricultural acts with which I have had any experience, as it operates in our State.

Thank you very much.

Mr. MATTHEWS. Thank you very much.

Senator YARBOROUGH. I appreciate it.

Mr. MATTHEWS. We are delighted to have with us our colleague from Texas in the House, Mr. Fisher, and we will be glad to have him make a statement to us.

STATEMENT OF HON. O. CLARK FISHER, A REPRESENTATIVE IN CONGRESS FROM THE 21ST DISTRICT OF THE STATE OF TEXAS

Mr. FISHER. I appreciate this privilege. I will be very brief out of deference to the witnesses who are here from long distances.

Of course I associate my statement with the statement just made and that which will be presented by the National Wool Association. It works very well, and apparently is the best program that has been devised. We have been probing around to find some solution to this wool problem for years and years. My good friend, Mr. Hill, from Colorado is an expert on wool problems.

I shall therefore confine my statement on the subject to an explanation of two suggested amendments to the bill that has been introduced. I think that many bills have been introduced.

These amendments were offered in the Senate, were very favorably received by the Senate committee, and we note in the interests of orderly procedure it would be well to lay them before the committee now before the other witnesses come forward.

You might want to question the Department about them.

The first proposed amendment would be that the 4-year limitation be removed. Now this would be done by striking out the second sentence of 702 of the Wool Act.

The bill as it originally passed the Senate 4 years ago, has as its termination the goal of the act is the annual production of 300 million pounds of wool. The 4-year limitation was placed in the bill in conference with the idea of giving Congress the opportunity to refuse legislation since it was a new approach.

The 300 million pounds goal would be more satisfactory termination date, for the industry since the production of sheep, is a long-range problem.

After a lamb is born it is more than 2 years before the animal produces a lamb and full production is not reached until they are 3 years of age. Therefore, in the program where a 4-year limitation, the last 2 years are a period of uncertainty in which growers are unable to plan ahead, in the purchase of replacement ewes for the flock, and in securing loans for their operation.

Removing the 4-year limitation and making the termination date of 300-million-pound production goal, would give considerable added stability and confidence to the industry and that is the objective of this act, and always has been.

Secondly, the second amendment as suggested would remove the word "specific" and parenthetical phrase which follows section 704 and section 705. This would have the effect of making the limitation on the extended payments 70 percent of the duty on all wool and wool manufacture rather than 70 percent on just the specific use as is the case now. In other words, it would add to the fund limitation the ad valorem duty, as well as the specific.

The reason for this proposed amendment is that imports of raw wool have not been as high as anticipated during the past few years and consequently, amounts available for extended payment have been somewhat limited.

Also, more wool has come into the country in the form of manufactured goods in my opinion. Furthermore, the program for the

first 2 years of the Wool Act operation costs more than anticipated because the world wool market for wool was in a depressed condition.

Wool prices in the United States were further reduced through feeding into the market at 150 million pounds of stockpiled wool. That, Mr. Chairman, is now eliminated and there is no stockpile, which takes quite a load off the market situation, and certainly will help in the marketing in the future.

During the third year of the act, wool prices early in the season will reduce the amount of incentive payments necessary to be made under the act. In fact, it is anticipated that only about one-half of the cost of the act of the program will be necessary for payments the third year. However, removal of the word "specific" would make additional funds available in future years if depressed conditions in the wool market made further funds necessary to carry out the intent of the act. This we feel is a fair approach to making 100 percent of the specific duty available which would disrupt the program of section 32 funds. We don't want to do that. We want to protect the section 32 funds. In this connection tariff from wool, as amended, has contributed to the support of 86 other agricultural commodities for the past 20 years other than section 32 operations. And until the Wool Act became operative, 4 years ago, not 1 cent of wool tariff funds were ever used for the support of the wool industry.

I have a suggested amendment that I would like to submit to the reporter for the record, if I may, to be inserted in the record.

Mr. MATTHEWS. Without objection that will be done.

(The amendment is as follows:)

PROPOSED COMMITTEE AMENDMENT TO BILL FOR WOOL ACT RENEWAL

Viz, strike out all after the enacting clause and insert in lieu thereof the following:

That section 703 of the National Wool Act of 1954 is amended by striking out the second sentence thereof.

"Sec. 2. (a) The first proviso in section 704 of such Act is amended by striking out 'specific' the first time it appears therein, and by striking out '(whether or not such specific duties are parts of compound rates)'."

"(b) The proviso in section 705 is amended by striking out 'specific' the first time it appears therein, and by striking out '(whether or not such specific duties are parts of compound rates)'."

Amend the title to read: "A bill to amend the National Wool Act of 1954 in order to eliminate the termination date for price supports, and for other purposes."

Mr. FISHER. I will say that I have permission, I think, from practically all of the authors of the bills now before this committee to join in support of these proposed amendments.

Mr. MATTHEWS. Thank you, Mr. Fisher.

Are there any questions?

We have a colleague, Hon. LeRoy Anderson, in the audience who is very interested in this legislation. Congressman Anderson, please come up here and join us, sit right over here.

Mr. HILL. Congressman Fisher, I want to also express my appreciation for the wonderful opportunity I have had to work with you in legislation that we have had under consideration on wool ever since I have been a member of this committee, because the work you have done has been appreciated by me.

Sometimes we have support of legislation of those who do not have the fundamentals at root of our difficulties. I am proud of the

fact that we have your cooperation and I am sure we will continue to work in unison.

I would like to ask you this question. Is this true, as it appears to me, that if the House or the Senate wish to make any changes they can offer amendments and the changes can be made anytime we are in session if there should be changes necessary. Why have a definite time to end the legislation. Then you have to start over. Am I sound in my thinking on that?

Mr. FISHER. I think the gentleman from Colorado is entirely correct. In the very nature of things this program is a long-range program.

During the debate on it when it was written and enacted the gentleman from Colorado offered an amendment, those who opposed it at the time said in perfectly good faith and probably for good reasons. I should say, "Well it has not been tried. Give us a little time. Let us put a limitation on it and then come back and take a look at it and see how it works." That has been done.

So the 4-year limitation was put on. We are back now to see how it works. I think it worked very well. I think that will be demonstrated by the witnesses who will follow me. Therefore, the objection to the removal of limitations when it was written in the act has now been met. I think it would add stability and faith and confidence in the future of the wool business in this country, the domestic business of this limitation is taken off.

It would have an automatic termination date when the 300-million-pound goal has been achieved. That after all is the objective of the act to increase the domestic production.

Mr. HILL. Then it has a limit anyway when you consider the amount of wool that you intend to produce.

Mr. FISHER. That is correct.

Mr. MATTHEWS. Congressman Dixon.

Mr. DIXON. As I understand it, as the price of wool goes up the amount of money that is needed for the incentive payment goes down.

Mr. FISHER. Correct.

Mr. DIXON. The surplus has now been exhausted completely, has it not?

Mr. FISHER. That is correct.

Mr. DIXON. The chances are that the price of wool could go up.

Mr. FISHER. We hope so.

Mr. DIXON. But still you need this amendment just as insurance in the event that the prices go down and more money is needed.

Mr. FISHER. That is correct. It will increase the income from the duty on wool. I think that is correct. Certainly, if it is not needed it will not be used. To have it available it would improve the situation, in providing insurance just in case of an unusual or extraordinary development.

Mr. DIXON. Even as the bill is drawn, with your amendment, wool would still be contributing 30 percent of its tariff of this to other agricultural commodities.

Mr. FISHER. The section 32 funds, that is correct.

Mr. DIXON. I have been trying to think, but as I recall it, for every 1 cent that the price of wool goes up, the Government pays from 2 to 3 million dollars less in incentive payments.

Mr. FISHER. That sounds like it ought to be about right. I have not checked that.

Mr. DIXON. I believe that is correct. So the likelihood of your amendment costing the Government very much money is not too strong but still the insurance would be worth a great deal to this industry which has been languishing.

Mr. FISHER. Actually, I don't think that it will cost anything but it will provide that insurance, an additional amount that can be drawn upon in case it should become necessary. I may add that I understand that we add \$20 million to the fund from this incentive payment that is to be made.

Mr. DIXON. In the event it was needed?

Mr. FISHER. In the event it was needed. We are not asking for any increase in the incentive level, and it will not be used unless necessary, and, therefore, I doubt that it would be necessary. I can't believe that there would be much likelihood that it will increase the cost of the program at all. But it does provide that. That would be desired.

Mr. DIXON. Personally, I appreciate your viewpoint. While this provision is not in my bill, I support the idea. I certainly commend you for your testimony.

Mr. MATTHEWS. Thank you very much, Congressman Fisher.

(The statements referred to are as follows:)

STATEMENT OF HON. E. KEITH THOMSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Mr. Chairman, on August 29, 1957, I joined with many of my colleagues in introducing legislation to extend the National Wool Act of 1954, the number of my bill being H. R. 9532. On that date, speaking on the floor of the House, I stated that it was essential "that legislation be enacted early in the next session to extend the act, if we are to avoid the harmful effect of uncertainty within the industry." I wish to congratulate the committee and the chairman for recognizing this need for early action by promptly requesting reports and arranging these hearings.

The testimony in these hearings previously submitted has generally very well covered the need for legislation, as well as the justification of the enactment of this particular legislation as a solution to the problem, at least for the immediate future. I will attempt to avoid burdening the record by repeating factual testimony that has not been and cannot be controverted.

The chaotic conditions of the industry existing prior to 1954 are well known. The fact that a conventional Government price-support program had only resulted in the accumulation of 150 million tons of wool in Government warehouses, stored at taxpayers' expense with a depressing effect upon the free market, is well recognized. The last of that wool has been removed from Government storage.

I think it is important that we constantly keep before ourselves the fact that wool and sugar are the only two major agricultural crops which we produce in this country that are not produced in surplus or in excess of our rate of consumption. We produce in this country only about one-third of the wool which we consume. With regard to these commodities, the problem is a tariff problem, and not one of surplus commodities. The American producer of these products, as with almost all other agricultural or industrial products, simply cannot compete with the lower living standards, the lower wages, the lower taxes, and the lower costs of production in other countries.

I think we must also constantly keep in mind that wool is certainly a basic agricultural commodity in the sense that it affects the country as a whole. Sheep and wool are produced and fed in significant quantities in almost every State in the Nation. Livestock and livestock products account for by far the greatest portion of our farm income. When wholesale reductions occur in the production of sheep, as in the postwar period prior to 1954, the effect on all other segments of the agricultural economy is significant and is bad. Lands used for this pro-

duction are either diverted to the production of cattle or other agricultural products, with attendant price and supply dislocations. The fact that this decline in production of sheep has been halted has been a benefit to most other segments of agriculture.

The effect of the act or its extension is not to place a tax burden on the American people, to produce an unneeded commodity or a commodity in excess of requirements. Revenues come only from tariff on imported wool. The solution could have been by tariff increases or by import quotas, but this was determined in 1954 to be contrary to our trade policies. Wool is a strategic material which we need from domestic producers in greater quantities even than now produced. To provide for this incentive payment from the tariff revenues, rather than to provide higher tariffs or quotas, is not to give wool a preferred position over other primary agricultural products. These other agricultural products with regard to which we have price and supply problems are given far greater protection by either tariff, quotas, or absolute embargoes on imports. Even under the act, we are giving wool something less in the way of protection.

Another thing I think we should remember is that, even though this legislation was the salvation of the important wool industry faced with outright extinction, it has not solved all of the problems. The price has improved. Without speculating on the effect of the removal of the Commodity Credit stockpile, the fact is that payments in the initial year of operation were \$58 million, or 44.9 percent of the market price, to maintain a 62-cent incentive level, whereas estimated payments for this year will be something in the neighborhood of \$20 million, or from 15 to 20 percent of the price received on the market, to maintain the same support price of 62 cents. This shows a tendency to achieve the objective. The improvement in price has worked to the advantage of all segments of the industry and the consumer. Nevertheless, another important thing for us to remember is that the only market for American-produced wool is the American manufacturer and the American consumer.

It is alarming that mill consumption is running 17 percent below a year ago. Without speculating on what would have happened had there been no drought, it is of concern that our production in 1957 was only 226 million pounds, and far short of the 300 million-pound objective, and that imports still make up two-thirds of the domestic consumption.

These problems yet remain unsolved. I bring this out because I want my colleagues to fully understand that the passage of this legislation is not in any way going to lessen my support for general legislation that will provide adequate protection and a proper share of the market for domestic producers of all products. When their production and their price is being adversely affected by unfair foreign competition due to cheap labor, lower taxes, and the taking of advantage of our successful effort to raise the standard of living for all of our people, it is in the interest of every American businessman, laboring man, and agricultural producer that this overall situation be corrected. I shall continue to work to that end after the passage of this legislation, just as I have while the 1954 law was in effect. There is no market for American wool in Japan or other cheap-labor countries. The problems of the American woolen mills and manufacturers must be solved. In the interest of the general economy, this extends to cotton and other American products. American workers must be kept employed to provide a customer for agricultural products at a fair price to the producer. The great intra-American mass market must be preserved so that our country can continue to advance and raise our standard of living for all of the people as an example and an incentive to the rest of the world. This is in the interest and to the advantage of the free world and can, in my opinion, be done without any damage, but rather advantage, to the free world. The overall effect will be to promote sound trade and not to improperly restrict trade.

In the meantime, this act that has proved itself should be extended. The extension should be for an indefinite period. Even with the passage of more general legislation it is impossible to determine how long it would take to remove the necessity for this legislation. That decision would always rest in the hands of Congress, as the inherent right of Congress to change the law as needed would not be affected. Placing it on an indefinite extension, however, would give the additional confidence in the future needed to bring about the required expansion of the industry with consequent lessening of pressure on other agricultural commodities. Because of the indefinite extension and the uncertainty of economic conditions now and for an indefinite future, the limitation of sources of revenue to specific duties should be eliminated to assure adequate financing in all events,

which would still be without any burden on general revenues and would only be a payment in lieu of tariff from present tariff income.

The extension of this act is essential in the interest of all of agriculture, in the best interest of all of America and of Americans everywhere. I urge that this be done without delay.

STATEMENT OF HON. CLAIR ENGLE OF CALIFORNIA

Mr. Chairman, I was necessarily absent from Washington at the time of your subcommittee conducted hearings on a number of measures designed to extend the National Wool Act of 1954. I would, therefore, like to submit a statement for the record of that hearing indicating the desire of the sheep producers in my district in California to have action taken by the Congress to extend the act which now expires at the end of the 1958 wool marketing season.

I should like to add my endorsement to the testimony presented at the hearing by representatives of the grower organizations, and I can tell you that the California Wool Growers Association most heartily supports such legislation.

The act has made it possible for American producers to stay in business and to continue to produce a part of our minimum requirements in case of a defense emergency without being forced to meet the price of imports and without, at the same time, excluding imports to the United States or seriously diminishing the United States market for the wool produced by our foreign suppliers.

Secondly, it is my understanding that with tariff receipts on specific duties on raw wool down from figures forecast and cost of the program somewhat higher than anticipated during the period of time the Government was disposing of its CCC stockpile, there has been some fear created that the act will not provide sufficient funds to carry out its purpose. That is because the use of funds is limited to an amount equal to 70 percent of the specific duties on wool imports. It has, therefore, been proposed to this committee for consideration that the limiting word "specific" be removed and that an amount equal to 70 percent of all wool duties be allocated for incentive payments if such funds are needed.

I should like to endorse that proposal made to your committee by Congressman Clark Fisher and approved, I understand, by the authors of other pending bills to extend the act.

STATEMENT OF HON. E. Y. BERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

Mr. Chairman, I appreciate the opportunity of appearing before your committee in support of H. R. 9518, which provides for an extension of the National Wool Act of 1954.

As this committee well knows, the National Wool Act has been very effective in reviving a sick sheep and wool industry, but the job is only partly done and it is necessary for an immediate extension in order to complete the purposes for which the act of 1954 was passed.

Four years ago President Eisenhower recommended legislation for promoting development of a sound and prosperous wool industry in connection with national security, and in addition, to promote the general economic welfare of the Nation. It is well to point out at this place that we produce only about one-third of our normal peacetime wool requirements in this country and that we must depend upon imports for the balance.

Our national wool production declined about 40 percent following the beginning of World War II because of foreign purchases made by the Government. That, plus the fact that the 1948 Trade Agreements Act reduced the tariff on wool to a point where the price of wool was such that a producer could not meet the competitive foreign price. The wool producer has suffered from the same cost-price squeeze as other segments of agriculture.

The purpose of the National Wool Act was to produce an incentive for domestic wool production to increase such production to at least 300 million pounds of shorn wool. This goal can only be reached either by the extension of the National Wool Act of 1954, or by raising the tariff to a protective level which probably cannot be done because of our present foreign trade policy.

NATIONAL WOOL ACT PASSED

The legislation as it was recommended by President Eisenhower in January 1954, and as passed by both Houses of Congress, had six principal provisions.

1. That prices of domestically produced wool be permitted to seek their level in the market, competing with other fibers, and with imported wool, thus resulting in only one price for wool—the market price.

2. That direct payments be made to domestic producers sufficient, when added to the average market price of the season, to raise the average return per pound to an incentive parity ratio.

3. That each producer receive the same support payment per pound of wool, rather than a variable rate, depending upon the market price he had obtained. If each grower is allowed his reward from the market, efficient production in marketing will be encouraged. This has the further advantage of avoiding the need for governmental loans, purchases, storage, or other regulations of interference with the market. Further, it imposes no need for periodic action to control imports in order to protect the domestic price-support program.

4. That funds to meet wool payments be taken from the general revenues within the amount of unobligated tariff receipts from wool.

5. That similar methods of support be adopted for pulled wool and for mohair, with proper regard for the relationships of their prices to those of similar commodities.

6. Section 708 of the act provides a self-help feature whereby woolgrowers can work together more effectively in developing and financing advertising and promotion programs to improve the demand for the industry's products, and thereby increase the price received in the free market.

THE EFFECT OF THE ACT

The act is achieving its goal of increasing production. This is the fourth year the act has been in effect. The support was limited to the marketings during the period April 1, 1955, through March 31, 1959. An extension, however, is essential. The decline in our sheep numbers has been slowed down and an extension is needed to permit a continued improvement of our sheep numbers.

It will be recalled that the original bill as passed by the Senate had no termination date. The House committee, however, placed a termination date on the program under the theory that since it was a new and different solution to a problem, and since it had never been previously tried, it would be well to put a 4-year termination date upon the act to give Congress an opportunity to review its value.

I am sure the committee is satisfied that the incentive payment program under the act is proving to be a sound solution to the problem confronting wool. The program has provided a good domestic price without adversely affecting foreign trade and without putting the Government in the business of storing and merchandising wool supplies.

The program is functioning. It is restoring confidence in the industry. The revenue from wool imports is more than paying the cost of the program. Renewal of the program is necessary to retain the gains already made and give the growers sufficient confidence to expand wool production.

While I personally believe that the ultimate solution of this problem and the problems of many other domestic industries is an adequate protective tariff, I am confident that such is not practical at this particular time and until adequate tariffs and import quotas can be assessed, to protect the domestic wool industry, along with the other domestic industries, it is, I believe, absolutely essential that we extend the National Wool Act of 1954 for an additional 4-year period.

I thank you for your consideration and your early and favorable action on this bill.

Mr. MATTHEWS. We go next to Mr. Marvin McLain, Assistant Secretary of Agriculture.

We are delighted to have you with us, sir.

**STATEMENT OF HON. MARVIN L. McLAIN, ASSISTANT SECRETARY;
ACCOMPANIED BY FRANK W. IMMASCHE, COMMODITY STABILIZATION SERVICE, AND F. RICHARD BURKE, AGRICULTURAL MARKETING SERVICE**

Mr. McLAIN. I have a prepared statement, together with some charts and tables which, with your permission, I should like to present for the record, if that will be agreeable.

Mr. MATTHEWS. Without objection, that may be done.

Mr. McLAIN. After we finish the statement, we will be glad to answer any questions you might have.

I am happy to appear before your committee on behalf of the Department of Agriculture to recommend extension of the National Wool Act of 1954. This program was developed 4 years ago by the wool growers, the executive branch, and the Congress as a measure to meet the special problems of our domestic wool industry.

With wool, we are dealing with an agricultural commodity in which our country is deficient in production. The cost and problems in producing wool are such that the production of wool, even with price support through loans and purchases at the maximum level authorized, declined over 40 percent following the beginning of World War II. Furthermore, in supporting wool prices through loans and purchases, domestic wool accumulated in the hands of the Government while imported wools supplied an increasing share of our requirements.

In his special message to Congress on agriculture 4 years ago, President Eisenhower recommended legislation for promoting the development of a sound and prosperous domestic wool industry as a measure of national security and in the promotion of the general economic welfare. We are producing only about one-third of our normal peacetime requirements. The foreign wool upon which we must rely to supplement our domestic production requires shipping over sealanes from 5,000 to 8,000 miles.

REASONS FOR DECLINE IN DOMESTIC PRODUCTION

Over the years, domestic woolgrowers have been faced with one uncertainty after another in the market outlook for their product. The tariff on wool was reduced in 1948 under the Trade Agreements Act. The protection afforded by the tariff has been further reduced by the rise in the general level of prices and costs. The tariff today provides protection equivalent to only approximately 20 percent of the price received by growers, compared with 77 percent in 1930.

Woolgrowers have been facing increasing costs of labor, equipment, and supplies. They have been caught in the squeeze between higher costs, on the one hand, and relatively less protection from imports of foreign wool, on the other.

Specialized labor is of major importance in sheep ranching, especially in the western range areas. There has been a scarcity of competent labor, and wage rates have increased more than any other major item of expense. Wool production became less attractive as an enterprise during a period when national income was rising to record levels and production of agricultural commodities already in surplus was on the increase.

The number of sheep shorn in the United States has declined from 49 million head producing 388 million pounds of wool in 1942 to 26 million head producing 226 million pounds in 1957, yet our range and feed resources best utilized by sheep will carry a higher level of production.

Our situation with wool is a special one, like sugar. Wool and sugar are the two major agricultural commodities in which the United States is deficient in production. Both face heavy import competition with serious complications. Legislation and programs for commodities which are produced in surplus in this country just do not fit the problems with which we are confronted in the case of wool and sugar.

PLAN DEVELOPED AFTER FULL STUDY OF SITUATION

The plan of price assistance under the National Wool Act of 1954 was developed after considerable study and with the advice and counsel of all segments of the industry. Raising the tariff as a solution would be contrary to our aims for expanding foreign trade, particularly with our friends in the Southern Hemisphere. Also, achieving higher prices for wool by increasing the tariff would adversely affect the competitive position of wool with other fibers.

As mentioned, price support through loans was not maintaining domestic production and was getting the Government more and more in the wool-merchandising business while losing markets for domestic wool.

Under the National Wool Act of 1954—

1. An annual production of 300 million pounds of shorn wool—about one-third more than we are now producing—is to be encouraged as a measure for our national security and promotion of the general economic welfare.
2. An incentive price is established to encourage this larger production.
3. The price will be obtained by means of payments to growers to bring their income from wool up to the incentive level, rather than by raising prices in the free market.
4. A portion of the duties collected on imports of wool and wool manufactures is appropriated to finance the payments.
5. Section 708 of the act provides a self-help feature whereby wool-growers can work together more effectively in developing and financing advertising and promotion programs to improve the demand for the industry's products and, thereby increase the prices received in the free market.

HOW PAYMENTS ARE MADE FOR SHORN WOOL

The incentive price has been set at 62 cents for each of the marketing years under the program to date. Growers sell their wool in normal marketing channels. After the year is over, and the average price received for wool sold during the marketing year is known, payments are made to bring the national average price received by all growers up to the incentive level. The payments are made at one percentage rate—the percentage required to bring the national average price for wool sold in the free market up to the incentive level.

This one rate is applied to the net sales proceeds received by each grower to determine the amount of his incentive payment. By making the payments on a percentage basis, growers are encouraged to improve the quality and marketing of their wool to obtain the best price possible, because the higher the price the individual grower gets in the free market the greater his payment.

The support for pulled wool is provided to maintain normal marketing practices; that is, prevent unusual shearing prior to marketing just to get the payment on shorn wool. This is being handled by making payments on all sales of unshorn lambs, irrespective of whether they are sold for replacement, feeding, or slaughter.

Then, if the new owner sells the lambs without shearing them, his payment will be adjusted downward by the amount due on the weight of the lambs purchased. Likewise, if he shears the lambs and sells the wool, his wool payment will be adjusted downward by this same amount. In this way, the original producer and the later feeder or breeder-owner share in the payments.

Payments are made only to bona fide producers. To qualify for a payment, the applicant must have owned the sheep or lambs from which the wool was shorn or the unshorn lambs sold for at least 30 days.

The National Wool Act of 1954 provides for the support of mohair by payments similar as for shorn wool. The support price for mohair has been set at 70 cents for each marketing year. This price is near the minimum of the range authorized by the act with the incentive price for shorn wool at 62 cents. Production of mohair has been on the increase since 1952.

WOOL PRICES LOWER FIRST 2 YEARS THAN ANTICIPATED

The payments on wool under the program the first 2 years were greater than anticipated when 62 cents was first established as the incentive level. This resulted from a greater than expected decline in the prices received for shorn wool in the free market.

Part of the price decline may have been the cost of getting back to a free market after several years of support at fixed prices. Also, the CCC-owned wool accumulated from the previous price support loan programs was a bearish factor. These stocks totaling over 150 million pounds at the beginning of the incentive payment program were finally eliminated last month as a depressing influence on the market.

The average prices received by growers declined from around 50 cents in early 1955 to a low of about 38 cents in January 1956. We were optimistic about the recovery to 56.4 cents by June last year. However, that has been tempered by a softening of prices since. In mid-December the average was 46.4 cents and 45.2 cents in mid-January.

WOOL SITUATION

The decline since June was primarily due to lower prices in the world market. Curtailed buying by Japan and uncertainty of demand prospects in the United Kingdom and France have been depressing factors in the world market. At the opening auctions in Australia in late August and early September, prices were about 10 percent below their peaks last May. They declined further and by

early January were 25 percent below last May. They are now down near the lows of 1955. Since the middle of January, wool prices in the British Dominion markets have firmed up and have shown a little rise.

As to our own situation, United States mill consumption of apparel wool has been running about 17 percent below a year earlier. In contrast, consumption of manmade fibers is up over 8 percent. The higher wool prices last winter and spring may not have been as advantageous to the industry as many thought they were.

RATES OF PAYMENT

As a result of the decline in shorn wool prices during the 1955 marketing year, the national average for the year was 42.8 cents. With the incentive level at 62 cents, that meant incentive payments at the rate of 44.9 percent. The average price received by growers in the market during the 1956 marketing year was 44.3 cents and the rate of payment 40 percent.

For the 1957 marketing year to date, the average prices by months have ranged from 56.4 to 45.2 cents which indicate that the rate of payments for the current year may be from 15 percent to 20 percent of the price received in the market.

Prices received for mohair the first 2 years were above the 70-cent support level and no payments were required. The price for the 1957 year was reported at 88 cents so no payments on mohair will be required this year. However, with the recent softening of prices, payments may be required for the fourth year.

FUNDS AVAILABLE FOR PAYMENTS

Under the act, the total payments are limited to 70 percent of the specific duties collected on imports of wool and wool manufactures from January 1, 1953. In this way, the payments for price assistance on wool are related to the duties collected under the protective tariff.

By the beginning of the first year of the incentive program, these amounts totaled about \$68 million and thus provided a backlog of funds available for payments in cars when the duties are not sufficient to cover the required payments.

Payments totaled approximately \$58 million the first year and around \$53 million the second. Current duty collections available for payments amounted to about \$31 million during the first year and \$28 million the second. Thus the payments for the first 2 years exceeded current collections available for payments by about \$52 million and reduced the backlog by that much.

With the general decline in wool prices in the world markets since last May, it appears that the backlog available for payments may be completely exhausted by the end of the fourth year. This is based on the assumption that the average price received by growers in the free market holds around 48 cents. Each 1 cent the national average price received for wool fails to equal the incentive price means \$3 million in payments.

The price situation, both in this country and abroad, after the extension of the National Wool Act will determine whether the 70 percent of specific duty collections on imports of wool and wool manufactures will be sufficient to maintain the incentive price for shorn wool at a truly incentive level over the years ahead.

TRENDS IN SHORN-WOOL PRODUCTION

With regard to the progress being made toward increased production of wool in accord with the intent of the act, sheep numbers and wool production continue at low levels. The net decline in wool production in the last few years has been primarily due to reductions in sheep numbers in Texas and several of the Western States where severe drought conditions prevailed.

Shorn-wool production in 1957 was greater than a year earlier in 23 of the 35 native sheep States and in Arizona and South Dakota of the 13 western sheep States.

About 70 percent of our total production, of course, is in the 13 Western States where range conditions and cattle prices influence sheep numbers. Furthermore, due to the nature of the enterprise, year-to-year increases in wool production can be expected to be only gradual even under most favorable conditions.

ADVERTISING AND SALES PROMOTION UNDER SECTION 708

Section 708 of the National Wool Act of 1954 provides a method for growers to organize and conduct advertising and sales-promotion programs for the industry's products and the financing of such programs by deductions from their payments. It thus permits growers to use their own money in efforts to increase the demand for and the returns from lamb and wool in the free market and thereby reduce the amount of payments from the Government to accomplish the objectives of the act.

Soon after passage of the act, growers and grower groups organized the American Sheep Producers Council to conduct advertising and sales-promotion programs for lamb and wool.

Growers, in a referendum held in 1955, approved deductions of not to exceed 1 cent a pound from incentive payments on shorn wool and not to exceed 5 cents per hundredweight from the payments on unshorn lambs for financing the advertising and sales-promotion programs. Intensive programs of advertising and sales promotion for both lamb and wool are underway.

So far the Secretary has approved the deductions from the payments for each of the 3 marketing years, 1955, 1956, and 1957. These deductions will be sufficient to finance the promotion and market-development activities of the council for 3 years and provide a reserve sufficient to carry the program for a fourth year.

Upon extension of the National Wool Act, it is planned that the Secretary will hold another referendum to determine the continued willingness of growers to use a portion of their payments to conduct advertising and sales promotion of their products.

RESEARCH AND OTHER ACTIONS TO AID INDUSTRY

The Department has been giving increased attention to programs which will help the industry improve its production and marketing efficiency and thereby lessen the need for price assistance. Research and other action programs dealing with disease control, improvement of production and marketing practices, conservation measures to increase the carrying capacity of both public and private grazing

lands and greater efficiency in processing and adapting the industry's products to consumer preferences all are contributing to the achievement of our objective.

EXTENSION OF NATIONAL WOOL ACT RECOMMENDED

The 1958 marketing year beginning April 1 will be the fourth and last year for incentive payments under the existing legislation. The National Wool Act of 1954 limits such support to marketings during the period April 1, 1955, through March 31, 1959.

Your committee placed a termination date in the bill it reported to the House. The committee stated that this was not to be construed as meaning that they felt the wool program should be of a temporary character.

They said that, on the contrary, they hoped and believed that the program would provide a relatively permanent solution to our wool problems but since the program is new and different from any tried before, it would be well to review its operation and effect after a time and make such improvements and changes as experience might indicate.

We believe that the incentive payment program under the National Wool Act is proving to be a sound solution to the special problem of wool. As I mentioned, in the case of wool we are on a net import basis. The program is providing the needed price assistance to our domestic woolgrowers:

- (a) Without adversely affecting foreign trade;
- (b) Without adversely affecting the competitive position of wool with imported wool and other fibers; and
- (c) Without having the Government in the wool merchandising business.

The program is restoring initiative and confidence in the industry. The tariff designed to protect the industry is also providing the financial assistance needed to meet increasing costs and competition from foreign imports. Reports coming to us indicate increased interest is being shown in sheep production as forage and range conditions permit.

Due to the longtime nature of the enterprise, it is obvious that a continuing program is essential to retain the gains already made and give growers the confidence needed for them to proceed with their plans for increasing wool production. Early extension of the act is therefore recommended by the Department of Agriculture.

Mr. Chairman, here is the set of charts and tables on the wool situation and the incentive payment program which I mentioned. With your permission, I should like to have them placed in the record.

We thank you very sincerely for your patience in listening to our views on the special situation with respect to wool and extension of the National Wool Act of 1954.

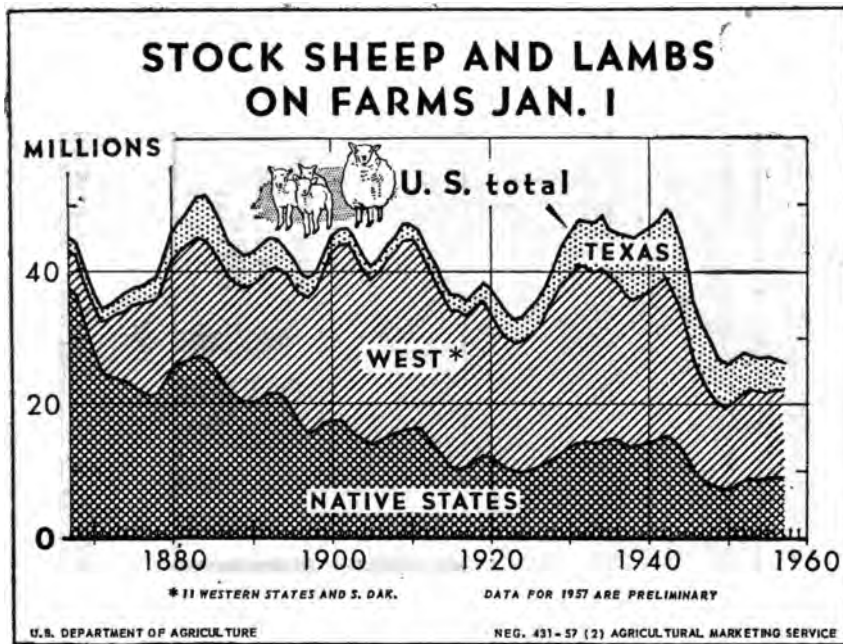
Mr. MATTHEWS. Thank you. Permission has already been granted to insert the charts in the record.

(The charts referred to are as follows:)

Exhibit

- A. Stock sheep and lambs on farms January 1.
- B. United States-duty-paid imports of wool by specific countries of origin.
- C. Foreign value of wool imported into the United States and import duties.
- D. Prices paid by farmers.
- E. Pasture feed conditions, October 1, 1956.
- F. Prices for wool at Boston and Sydney, Australia.
- G. CCC holdings of wool accumulated from 1952 to 1954, price-support loan program.
- H. Average price received in the open market by growers and incentive payments for shorn wool.
- I. Number of stock sheep in the United States; domestic production, imports and consumption of wool; wool prices and payments under the National Wool Act of 1954; and 70 percent of duties collected on wool and wool manufactures.
- J. Number of goats clipped; production and consumption of mohair, and farm price of mohair in the United States.
- K. Number of farms and ranches reporting sheep and shearing sheep in 1949 and 1954.
- L. Production of shorn wool, by States.
- M. Estimated mill consumption of wool, cotton, rayon, acetate, other man-made fibers and silk, United States, 1938 to date.
- N. Price per pound of wool and other textile fibers, 1938 to date.
- O. Duties collected on wool and wool manufactures imported into the United States.
- P. Projections of payments under wool payment program and duty collections available for payments through the 1958 marketing year with incentive price at 62 cents for the 1958 marketing year.
- Q. Wool payments through October 31, 1957, for the 1955 marketing year.
- R. Wool payments through November 30, 1957, for the 1956 marketing year.
- S. How wool payments are figured.

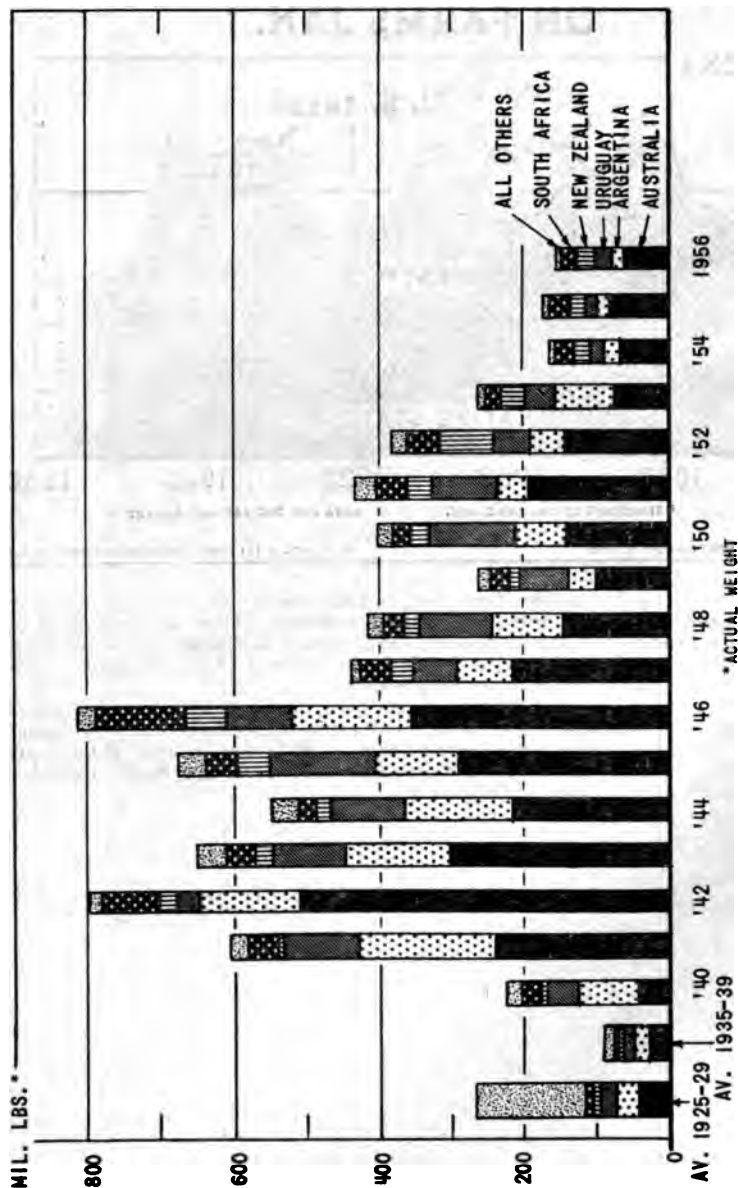
EXHIBIT A



The decline in sheep numbers from 1942 to 1950 was the most drastic in history. Our wool production has varied with sheep numbers. Over 70 percent of our shorn wool is produced in the 13 western range States, including Texas and South Dakota. Sheep numbers in those States have declined about 50 percent since 1942, and in the rest of the country 39 percent.

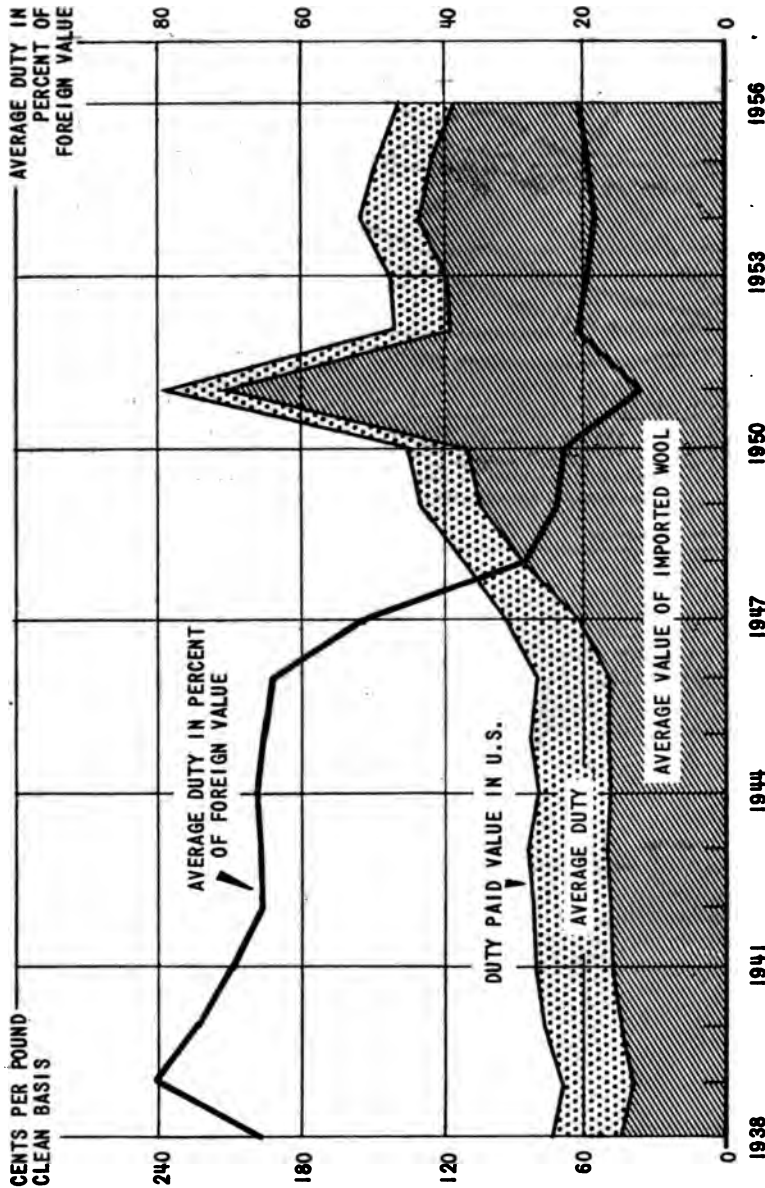
The net decline in the last few years has been primarily due to reductions in sheep numbers in Texas and several of the Western States where severe drought conditions prevailed. Shorn-wool production in 1957 was greater than a year earlier in 23 of the 35 native sheep States and in Arizona and South Dakota of the 13 western sheep States. (Exhibit A.)

EXHIBIT B
U.S. DUTY-PAID IMPORTS OF WOOL
BY SPECIFIED COUNTRIES OF ORIGIN



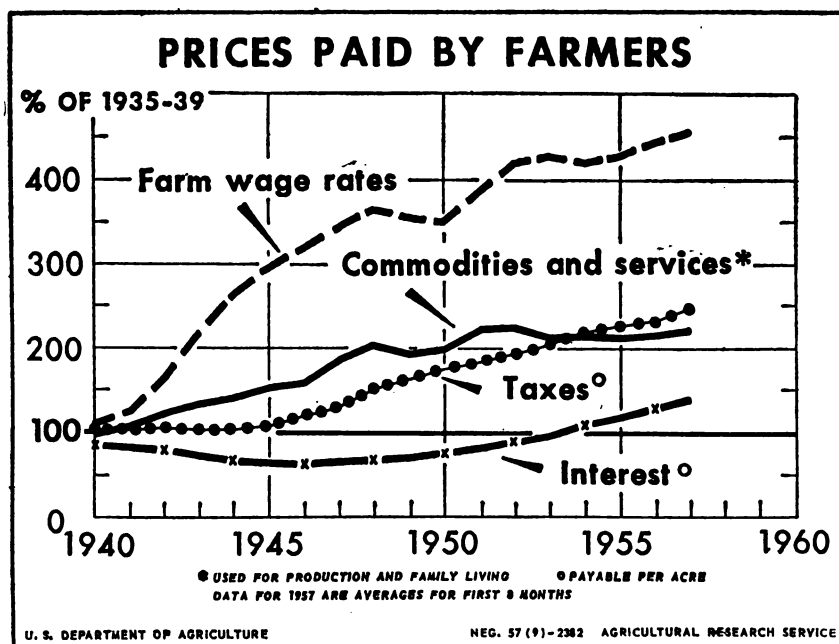
World production of apparel wool amounts to about 2,300 million pounds, clean basis, of which United States production accounts for only around 5 percent. However, the United States consumes about 12 percent of the world total. The United States imports about two-thirds of its wool needs. In 1956 imports totaled 152 million pounds, of which the bulk came from 5 major exporters of the Southern Hemisphere. Fine wool originates largely in Australia and South Africa and medium wool in New Zealand and South America. After advancing each year for nearly 10 years, world production is expected to be down very slightly this season due to severe drought conditions in Australia. The general trend of world consumption of wool has also been upward and is closely in balance with production. (Exhibit B.)

EXHIBIT C
FOREIGN VALUE OF WOOL IMPORTED INTO THE U. S. AND IMPORT DUTIES



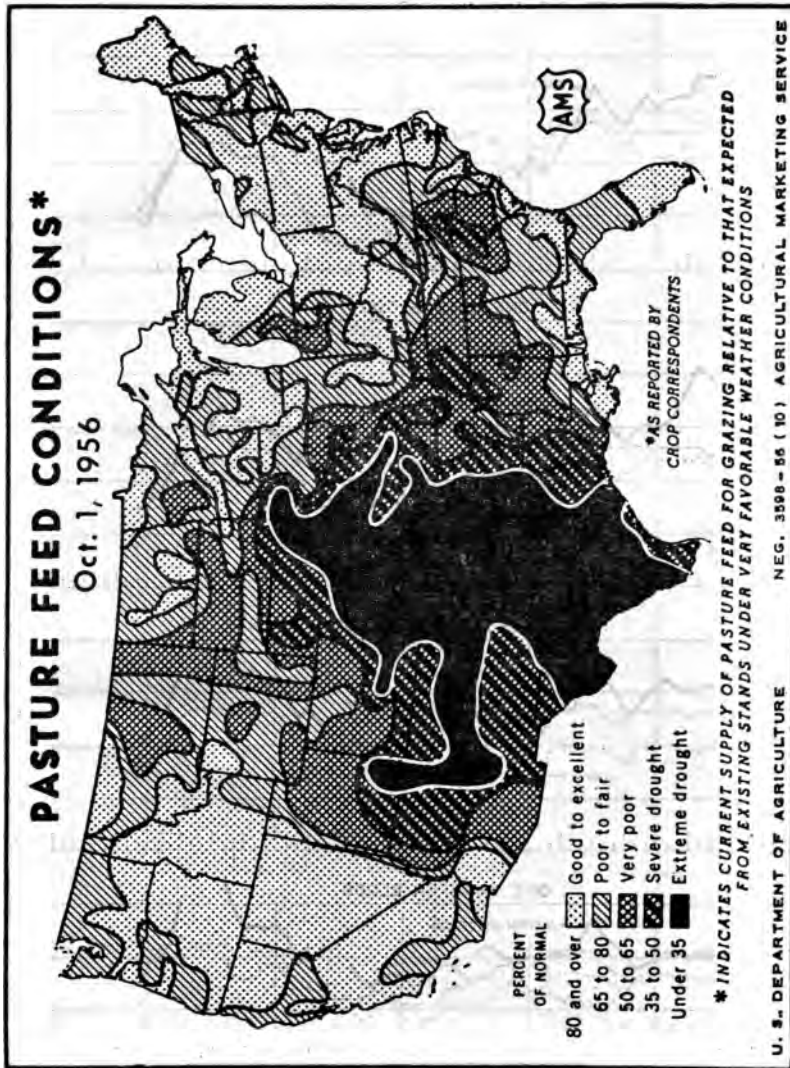
With the United States on an import basis, the tariff on wool tends to maintain prices of domestic wool above the world market level. The General Agreement on Tariffs and Trade of 1948 in general reduced the duties on wool 25 percent. The duty of 34 cents per clean pound as established under the Tariff Act of 1890 for wool finer than 44's was reduced to 25½ cents. As the general price level has increased, the protection afforded by the tariff has been relatively less, both in relation to wool prices and in terms of prices of things woolgrowers buy. (Exhibit C.)

EXHIBIT D



The sheep industry is an industry which is especially dependent upon an adequate supply of specialized labor. Farm management studies show that the hired labor bill on sheep ranches in the northern plains area increased from about \$924 in 1942, to nearly \$2,800 in 1956. With the decline of the frontier and the pressure of civilization on the sheep industry, production costs have been increased by competition from other industries for land, labor, and other production factors (Exhibit D.)

EXHIBIT E

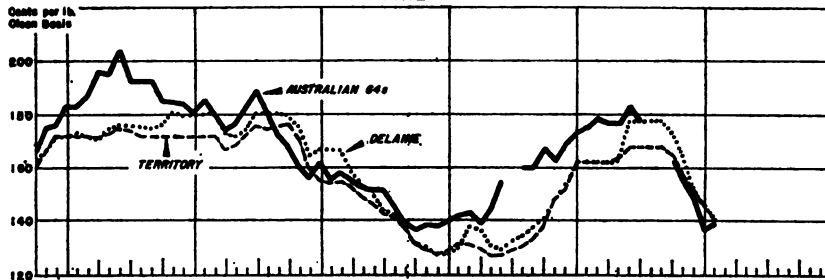


Severe to extreme drought and very poor pasture feed condition prevailed for a prolonged period in a large part of the West and Southwest where the sheep and wool production of our country is largely concentrated. However, since early last year, range conditions in most areas of the West have been the best in several years. (Exhibit E.)

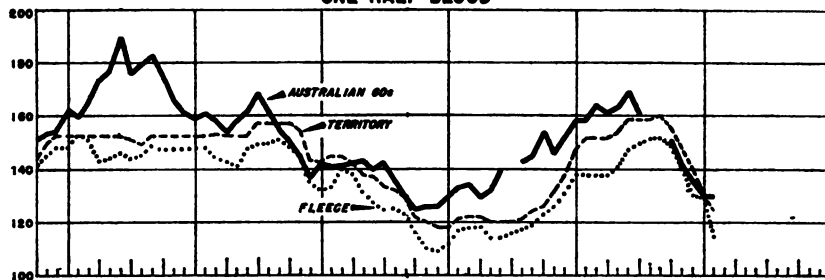
EXHIBIT F

PRICES FOR WOOL AT BOSTON
AND SYDNEY, AUSTRALIA*

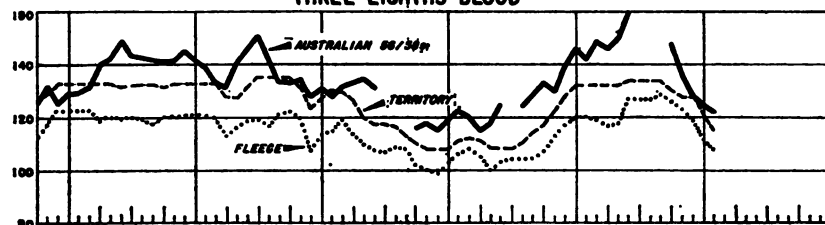
FINE



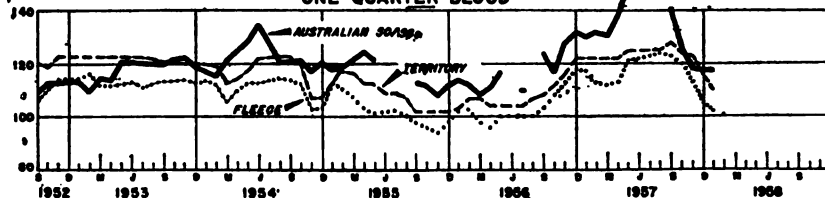
ONE HALF BLOOD



THREE EIGHTHS BLOOD



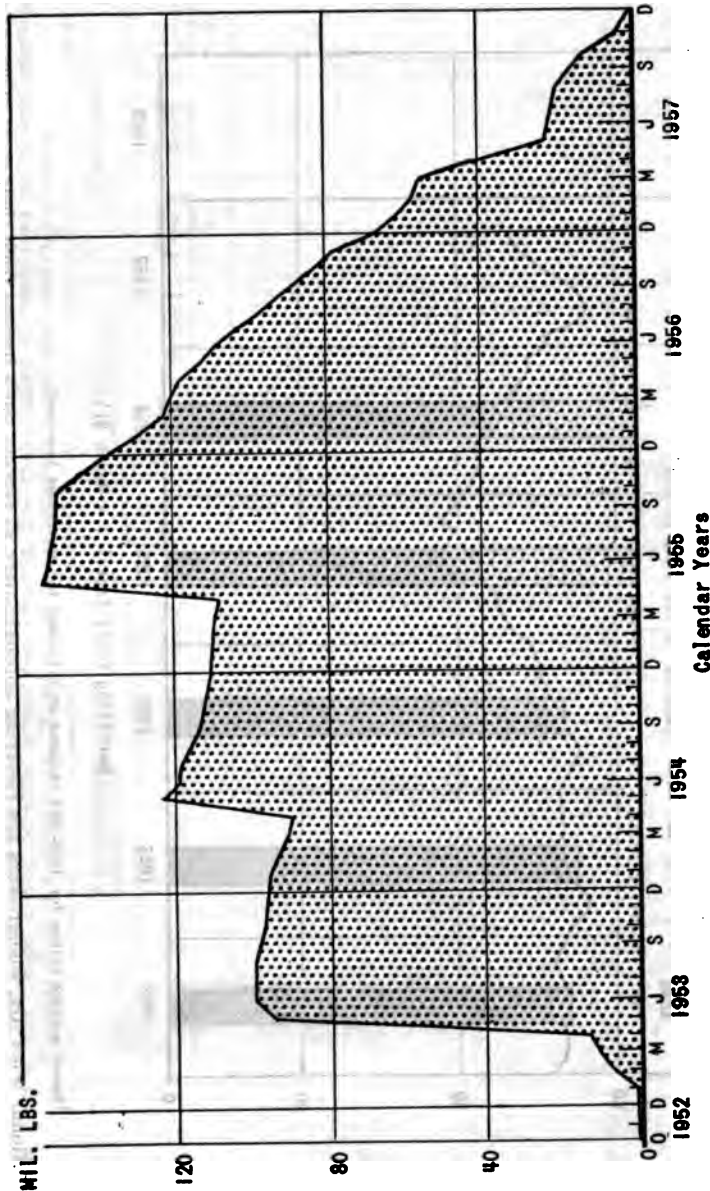
ONE QUARTER BLOOD



* Prices for Australian 64's and 60's are for good to average length wools and for 56/58's and 50/52's are for crossbred. Prices quoted (weekly) based on the (dry) price, as reported in *Woolly News*, adjusted to American yield and for market preparation; quotations for domestic territory and fleece wools which are for good French combing and staple wools and for Delaine were compiled from *Woolly News* of the Boston Wool Station.

Agriculture - Washington

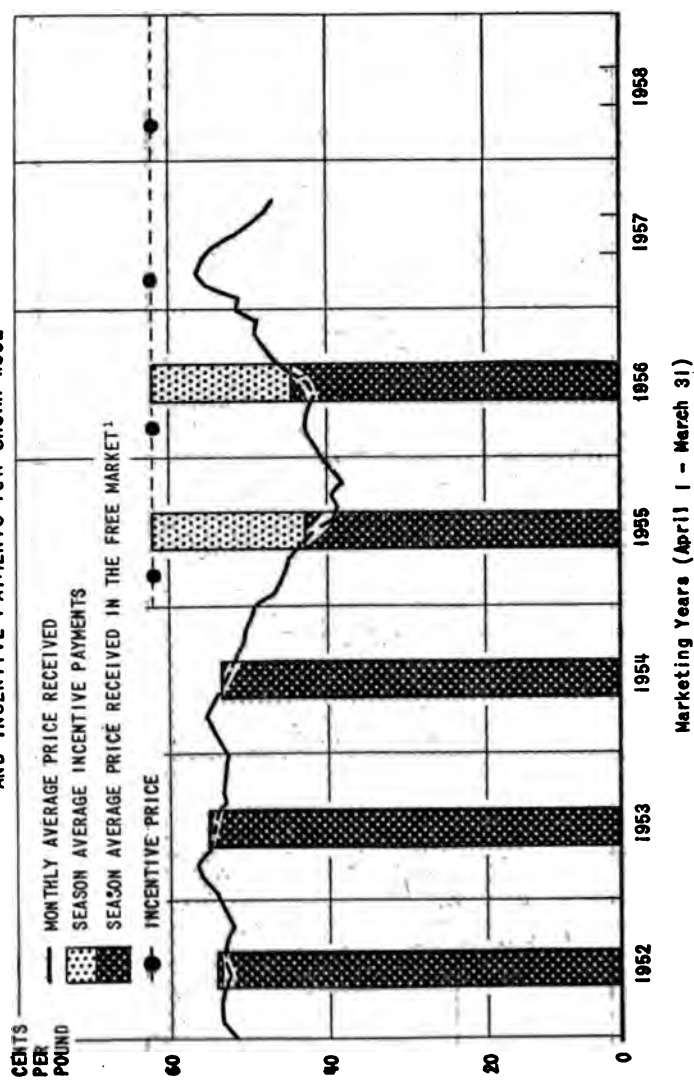
EXHIBIT G
CCC HOLDINGS OF WOOL ACCUMULATED FROM 1952-54 PRICE SUPPORT LOAN PROGRAM



Source: Fiscal Division, CSS, through October 1955; Boston CSS Commodity Office reports beginning November 30, 1955.

Over 180 million pounds of wool were accumulated by CCC from the 1952, 1953, and 1954 price-support loan programs. At the beginning of the 1955 marketing year, the first year under the incentive program, these carryover stocks totaled 150 million pounds. The CCC holdings were progressively liquidated mostly by competitive bid sales and were completely out of the picture as a depressing influence on the market by the end of 1957. (Exhibits F and G)

EXHIBIT H
AVERAGE PRICE RECEIVED IN THE OPEN MARKET BY GROWERS
AND INCENTIVE PAYMENTS FOR SHORN WOOL



¹Season average prices for 1952-1954 includes an allowance for unredeemed loan wool.

Under the National Wool Act, woolgrowers are receiving approximately 15 percent more income from their wool including the incentive payments than they received under the previous price-support loan programs. (Exhibit H.)

EXHIBIT I

Number of stock sheep in the United States; domestic production, imports, and consumption of wool; wool prices and payments under the National Wool Act of 1954; and 70 percent of duties collected on wool and wool manufactures

Year	Stock sheep on farms Jan. 1 (1,000 head)	Wool production (million pounds)		Wool imports for consumption ¹	Mill consumption ²	Wool prices (cents per pound)		Wool payments ³		70 percent of specific duties
		Shorn	Pulled ⁴			Received by producers	Support level	Shorn wool (percent)	Unshorn lambs (cents)	
1938.....	44,972	360	103	463	499	19.1	18.0			
1939.....	45,463	362	103	465	666	22.3	18.0			
1940.....	46,266	372	99	471	705	28.4				
1941.....	47,441	388	105	493	1,169	35.5				
1942.....	49,346	388	107	495	1,274	40.1				
1943.....	48,196	379	104	483	1,371	41.6	41.7			
1944.....	44,270	388	118	486	1,311	42.3	42.4			
1945.....	39,609	308	113	421	1,339	41.9	41.9			
1946.....	35,625	281	98	379	1,385	42.3	42.3			
1947.....	31,805	251	91	342	1,195	40.2	42.3			
1948.....	29,486	232	75	307	1,103	49.4	42.3			45.9
1949.....	26,940	213	57	270	770	62.1	45.2			32.0
1950.....	26,182	217	52	269	963	62.1	50.7			51.6
1951.....	27,251	228	41	289	869	97.1	54.2			53.9
1952.....	27,944	233	54	287	788	54.1	54.2			52.4
1953.....	27,593	232	68	300	814	54.9	53.1			35.5
1954.....	27,079	236	70	306	813	53.2	53.2			25.4
1955.....	27,137	234	67	301	639	42.8	62.0	44.9	71	431.5
1956.....	27,012	233	64	268	674	44.3	62.0	40.0	71	28.2
1957.....	* 26,370	* 226								

¹ Converted to domestic greasy shorn equivalent on basis of 1 pound pulled wool equal to 1.6 pounds greasy shorn wool.

² A parcel wool converted to domestic greasy shorn equivalent on basis scoured yield equal to 44 percent of greasy shorn wool.

³ Shorn wool, percent of net proceeds received by each producer, unshorn lambs, cents per hundred pounds liveweight.

⁴ Marketing year beginning Apr. 1, 1954; calendar year prior to 1955. For January-March 1955 period 70 percent of specific duty collections totaled \$3,000,000.

* Estimated.

* Preliminary.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 16, 1958.

EXHIBIT J

Number of goats clipped; production and consumption of mohair, and farm price of mohair in the United States

Year	Number of goats clipped (1,000 head)	Production—grease basis	Imports for consumption (million pounds) ¹	Exports (million pounds) ¹	Consumption—grease basis	Farm price (cents per pound)	
						Actual	Support level
1938.....	3,918	16.8	0.1	(²)	(²)	34.8	* 21.0
1939.....	4,068	18.8	.2	(²)	23.8	47.3	* 21.0
1940.....	4,297	21.1	.3	(²)	(²)	49.7	(²)
1941.....	4,542	21.8	1.0	(²)	(²)	56.9	(²)
1942.....	4,322	20.7	.9	(²)	(²)	49.3	(²)
1943.....	4,276	20.2	1.0	.03	29.5	57.1	(²)
1944.....	4,109	20.4	8.4	.08	19.0	60.1	(²)
1945.....	4,291	22.0	.4	.16	16.1	55.3	(²)
1946.....	3,989	19.3	1.3	.11	23.4	61.1	(²)
1947.....	3,672	18.2	.6	.10	17.9	53.6	(²)
1948.....	3,164	16.0	.2	.08	11.5	45.4	(²)
1949.....	2,558	13.0	.1	.14	18.5	46.3	(²)
1950.....	2,530	13.2	2.2	.11	21.0	76.0	49.1
1951.....	2,472	12.9	2.9	.04	13.5	118.0	53.4
1952.....	2,287	12.2	1.9	.03	13.5	96.3	57.2
1953.....	2,337	12.8	.3	1.08	³ 12.2	87.7	60.7
1954.....	2,618	14.6	.1	3.09	³ 11.6	72.4	64.3
1955.....	2,983	16.9	0	7.38	³ 9.5	82.2	70.0
1956 ⁴	3,164	18.2	0	14.43	³ 3.8	84.4	70.0

¹ Actual weight.

² Includes alpaca.

³ Included with wool.

⁴ Not available.

⁵ Estimated on basis of loan rate of \$0.20 per pound for adult and \$0.30 per pound for kid mohair in Texas, with adult mohair comprising 87 percent of total.

⁶ No support programs.

⁷ Beginning July 1953, reported consumption included alpaca, common goat hair, etc.; therefore, beginning with 1953, domestic mohair is derived from reported stocks, production, imports, and exports.

⁸ Preliminary.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 16, 1958.

EXHIBIT K

Number of farms and ranches reporting sheep and shearing sheep in 1949 and 1954

States	Number of farms reporting sheep		Number of farms reporting shearing sheep	
	1954	1950	1954	1949
NEW ENGLAND				
Maine.....	1,540	1,364	1,315	1,207
New Hampshire.....	663	463	505	376
Vermont.....	560	557	473	490
Massachusetts.....	1,008	681	758	512
Rhode Island.....	156	126	125	104
Connecticut.....	749	543	576	423
New England.....	4,676	3,734	3,751	3,111
MIDDLE ATLANTIC				
New York.....	4,324	4,126	3,810	3,548
New Jersey.....	1,091	681	777	422
Pennsylvania.....	9,015	7,643	7,903	6,557
Middle Atlantic.....	14,430	12,450	12,490	10,527
EAST NORTH CENTRAL				
Ohio.....	31,154	30,787	30,009	29,601
Indiana.....	20,446	17,706	18,668	16,760
Illinois.....	25,321	20,594	23,459	18,967
Michigan.....	7,934	8,947	7,671	8,568
Wisconsin.....	10,311	9,575	9,678	8,826
East North Central.....	95,166	87,609	89,485	82,722
WEST NORTH CENTRAL				
Minnesota.....	20,910	18,710	20,524	17,791
Iowa.....	28,863	22,657	28,588	22,327
Missouri.....	20,090	24,734	20,264	25,461
North Dakota.....	6,898	6,257	6,864	5,993
South Dakota.....	11,274	9,450	11,325	8,987
Nebraska.....	4,596	3,247	4,452	2,705
Kansas.....	7,376	7,644	7,227	7,197
West North Central.....	100,007	92,609	99,244	90,461
SOUTH ATLANTIC				
Delaware.....	131	86	94	64
Maryland.....	1,612	1,460	1,468	1,291
District of Columbia.....	(1)	1	(1)	1
Virginia.....	9,417	8,771	8,853	8,406
West Virginia.....	9,738	10,094	9,458	9,796
North Carolina.....	2,795	2,217	2,129	1,821
South Carolina.....	(1)	277	(1)	125
Georgia.....	(1)	507	(1)	293
Florida.....	(1)	140	(1)	76
South Atlantic.....	23,693	23,553	22,002	21,872
EAST SOUTH CENTRAL				
Kentucky.....	11,706	13,583	11,408	13,659
Tennessee.....	7,600	7,413	7,233	7,265
Alabama.....	1,035	647	747	437
Mississippi.....	1,626	1,284	1,261	892
East South Central.....	21,967	22,932	20,649	22,253
WEST SOUTH CENTRAL				
Arkansas.....	1,485	1,424	1,250	1,278
Louisiana.....	2,721	2,565	1,717	1,543
Oklahoma.....	3,726	2,902	3,339	2,590
Texas.....	28,288	21,536	21,309	18,638
West South Central.....	31,220	28,427	27,615	24,044
MOUNTAIN				
Montana.....	4,195	3,381	4,085	3,001
Idaho.....	4,648	3,875	4,378	3,310
Wyoming.....	3,119	2,753	3,095	2,452
Colorado.....	4,706	4,454	4,526	3,662
New Mexico.....	2,980	3,133	2,458	2,530
Arizona.....	459	364	317	205
Utah.....	4,838	3,684	4,311	2,986
Nevada.....	647	580	540	460
Mountain.....	25,592	22,224	23,710	18,606
PACIFIC				
Washington.....	3,146	3,189	2,540	1,602
Oregon.....	7,340	5,967	6,775	5,268
California.....	8,737	6,956	7,228	5,068
Pacific.....	19,223	15,062	16,543	11,938
UNITED STATES	335,974	308,690	315,489	285,534

¹ Indicates that request for the information not requested in census questionnaire.

Source: Compiled from reports of the Bureau of the Census.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 21, 1

EXHIBIT L

Production of shorn wool, by States

[In thousand pounds]

State	1942	1952	1953	1954	1955	1956	1957 ¹
Maine.....	243	141	170	184	191	214	245
New Hampshire.....	56	45	44	54	59	60	61
Vermont.....	124	63	62	71	75	88	83
Massachusetts.....	42	64	75	76	82	84	94
Rhode Island.....	12	13	12	12	12	12	13
Connecticut.....	24	46	50	54	53	54	54
New York.....	2,065	930	1,047	1,047	1,092	1,093	1,132
New Jersey.....	40	79	94	87	105	98	110
Pennsylvania.....	2,595	1,642	1,702	1,718	1,756	1,833	1,808
North Atlantic.....	5,201	3,023	3,256	3,303	3,425	3,536	3,600
Ohio.....	16,575	8,390	8,806	8,806	8,996	9,013	8,996
Indiana.....	5,490	2,941	3,321	3,334	3,346	3,396	3,352
Illinois.....	6,644	4,454	4,788	4,564	4,697	4,271	4,496
Michigan.....	6,448	2,895	3,024	2,747	2,705	2,612	2,606
Wisconsin.....	3,102	1,794	1,871	1,888	1,738	1,667	1,751
North Central East.....	38,259	20,474	21,810	21,339	21,482	20,959	21,201
Minnesota.....	9,298	5,344	5,936	5,751	5,897	5,847	5,704
Iowa.....	12,172	7,088	7,934	7,998	7,919	8,037	8,496
Missouri.....	11,052	6,653	6,317	5,706	5,152	5,587	5,871
North Dakota.....	8,976	3,625	3,846	3,999	4,508	5,183	5,010
South Dakota.....	16,423	7,495	7,777	8,265	9,149	9,803	10,367
Nebraska.....	4,085	4,985	3,920	3,782	3,016	2,841	3,618
Kansas.....	5,921	4,007	3,146	3,512	3,555	3,982	4,140
North Central West.....	67,928	39,197	38,876	39,013	39,196	41,280	43,206
Delaware.....	13	20	20	21	26	26	26
Maryland.....	351	260	264	268	256	286	292
Virginia.....	1,724	1,550	1,618	1,622	1,699	1,781	1,770
West Virginia.....	2,178	1,516	1,579	1,555	1,472	1,516	1,568
North Carolina.....	230	220	239	245	270	273	301
South Carolina.....	25	20	22	30	38	61	70
Georgia.....	70	57	64	98	108	246	299
Florida.....	69	12	12	13	18	18	31
South Atlantic.....	4,660	3,655	3,818	3,852	3,887	4,207	4,357
Kentucky.....	6,256	3,848	3,709	3,564	3,638	3,767	3,843
Tennessee.....	1,870	1,269	1,292	1,366	1,473	1,490	1,624
Alabama.....	131	139	176	240	412	447	447
Mississippi.....	204	335	374	392	439	451	490
Arkansas.....	460	192	207	258	320	353	370
Louisiana.....	816	352	385	398	440	422	378
Oklahoma.....	2,739	963	1,004	1,343	1,436	1,786	1,685
Texas.....	74,994	46,277	43,492	45,408	45,137	42,653	37,486
South Central.....	87,470	53,375	50,639	52,969	53,295	51,338	46,323
Montana.....	32,964	15,729	15,415	15,251	15,553	14,651	14,627
Idaho.....	16,863	10,181	10,483	10,695	10,384	9,878	9,590
Wyoming.....	33,320	19,810	20,209	21,142	19,320	20,120	18,788
Colorado.....	14,896	11,688	11,636	11,879	11,518	10,760	10,633
New Mexico.....	16,399	12,260	11,773	11,199	11,111	10,849	10,599
Arizona.....	4,372	2,590	2,908	3,228	3,006	3,024	3,061
Utah.....	18,081	12,605	12,730	12,740	12,610	12,741	12,358
Nevada.....	5,521	4,192	4,111	4,157	4,080	4,042	3,873
Washington.....	5,496	2,871	3,040	2,910	2,802	2,607	2,465
Oregon.....	12,923	6,120	6,029	6,525	6,723	6,647	6,494
California.....	23,954	15,539	15,525	15,605	15,666	15,487	14,936
West.....	184,779	113,585	113,859	115,331	112,773	110,806	107,334
United States.....	388,297	233,309	232,258	235,807	234,058	232,126	226,021

¹ Preliminary.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 22, 1958.

EXHIBIT M

Estimated mill consumption of wool, cotton, rayon, acetate, other manmade fibers and silk, United States, 1938 to date

[Million pounds]

Apparel wool			Cot- ton ²	Rayon and acetate ⁴			Other man- made fibers ⁴	Silk ⁵
Year	Scoured basis ¹	Grease basis ²		Fila- ment yarn	Staple fiber	Total		
1938.....	220	500	2,918	274	55	329	-----	57
1939.....	293	665	3,629	360	99	459	-----	55
1940.....	310	704	3,959	389	93	482	4	48
1941.....	514	1,168	5,192	453	139	592	12	26
1942.....	551	1,275	5,633	469	152	621	23	-----
1943.....	613	1,370	5,271	494	162	656	35	-----
1944.....	577	1,311	4,790	539	166	705	46	-----
1945.....	589	1,338	4,516	602	168	770	50	1
1946.....	610	1,386	4,809	667	209	876	53	14
1947.....	526	1,195	4,666	729	259	988	51	3
1948.....	485	1,102	4,464	847	303	1,150	72	7
1949.....	339	770	3,839	783	211	994	93	4
1950.....	437	993	4,683	956	396	1,352	141	11
1951.....	382	868	4,809	866	411	1,277	196	7
1952.....	347	788	4,471	845	370	1,216	249	13
1953.....	378	813	4,456	866	357	1,223	280	8
1954.....	270	604	4,127	721	434	1,155	329	9
1955.....	281	650	4,382	858	561	1,419	432	11
1956.....	297	675	4,369	727	474	1,201	483	13
1957.....	-----	-----	-----	-----	-----	-----	-----	-----

¹ Mill consumption, scoured basis, as reported by the Bureau of the Census.

² Grease wool basis derived by applying an assumed yield of 44 percent to the reported scoured wool consumption.

³ Mill consumption as reported by the Bureau of the Census. For American cotton tare as reported by the crop reporting board was deducted.

⁴ Domestic shipments plus imports for consumption as published in Textile Organon.

⁵ Imports for consumption as reported by the Bureau of the Census.

Source: Compiled from Wool Statistics and Related Data, U. S. Department of Agriculture, Agricultural Marketing Service.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, January 16, 1958.

EXHIBIT N
Price per pound of wool and other textile fibers, 1938 to date

[Cents]

Date	Wool, staple and good French graded territory, clean basis, Boston		Cotton, American Middling 14 10 markets	Rayon, staple fiber, 1 1/4 denier	Acetate, staple fiber, 5 denier	Orlon, acrylic staple, 3 denier	Dacron, polyester staple and tow, 3, 4, 5, 6 denier	Acrlon, staple fiber, 3 and 5 denier	Dynel, staple fiber, 2, 3, 6, 12, 24 denier	Vicara, staple fiber, 3, 5, 7 denier
	Fine	3/6 Blood								
1938	70.4	58.9	8.70	28.0	48.5					
1939	82.7	69.3	9.90	25.0	48.0					
1940	98.3	79.7	10.79	25.0	43.0					
1941	108.8	91.2	17.04	25.0	43.0					
1942	119.1	102.6	19.22	25.0	43.0					
1943	117.8	104.2	19.56	24.4	43.0					
1944	119.0	104.5	20.60	24.8	41.9					
1945	117.7	103.5	24.30	25.0	38.0					
1946	102.6	91.4	33.33	25.4	39.1					
1947	124.2	107.0	32.38	22.0	47.8					
1948	164.6	107.6	30.04	38.4	48.0					
1949	166.4	112.8	30.80	35.8	42.9					
1950	199.2	151.0	41.35	38.1	42.5					
1951	270.5	215.2	38.36	40.0	42.4					
1952	165.3	128.7	32.53	39.5	48.0	100.0		185.0	125.0	88.5
1953	173.0	138.9	31.97	35.0	35.6	150.0		140.0	127.3	89.3
1954	170.6	130.9	32.69	34.0	34.0	152.5		135.0	126.0	100.0
1955	142.1	116.9	32.69	33.7	35.7	147.9		135.3	124.2	100.0
1956	137.1	118.2	30.00	32.0	32.0	135.2		112.0	105.0	100.0
1957	161.3	131.0	130.3	132.8	132.8	128.0	141.0	112.0	105.0	100.0

111 months.
19 months.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 16, 1958.

Sources: Statistics on Cotton and Related Data, 1920-56; Wool Statistics and Related Data, U. S. Department of Agriculture, Agricultural Marketing Service.

EXHIBIT O

Duties collected on wool and wool manufactures imported into the United States

[In thousands of dollars]

Period	Specific duties	Compound duties	Ad valorem only	Total duties collected	Specific of compound	Total specific duties	70 percent of total specific
1948.....	63,826	12,433	5,150	81,409	¹ 3,233	67,059	46,941
1949.....	42,752	11,580	3,708	58,040	¹ 3,011	45,763	32,034
1950.....	68,361	20,406	5,527	94,294	¹ 5,306	73,667	51,567
1951.....	69,870	27,184	6,116	103,170	¹ 7,068	76,938	53,857
1952.....	66,501	32,293	4,828	103,622	¹ 8,396	74,897	52,428
1953.....	43,732	26,927	5,110	75,769	² 7,001	50,733	35,513
1954.....	30,873	21,046	4,716	56,635	5,399	36,272	25,390
1955 January-March.....	9,891	4,464	1,303	15,658	1,184	11,075	7,752
1955 marketing year:							
April 1955.....	3,455	1,938	498	5,891	556	4,011	2,808
May 1955.....	3,327	2,681	439	6,447	780	4,107	2,875
June 1955.....	2,864	2,799	451	6,114	794	3,658	2,560
July 1955.....	2,732	3,339	434	6,505	919	3,651	2,556
August 1955.....	2,832	3,000	558	6,390	805	3,637	2,545
September 1955.....	2,344	2,463	620	5,427	634	2,978	2,085
October 1955.....	2,439	2,998	600	6,037	780	3,219	2,253
November 1955.....	2,798	2,816	591	6,205	730	3,528	2,470
December 1955.....	2,574	2,119	563	5,256	559	3,133	2,193
January 1956.....	3,837	1,990	573	6,400	533	4,370	3,059
February 1956.....	3,591	1,953	548	6,092	539	4,130	2,890
March 1956.....	3,898	2,380	530	6,808	632	4,550	3,185
Total.....	36,691	30,476	6,405	73,572	8,281	44,972	31,480
1956 marketing year:							
April 1956.....	3,106	2,823	488	6,417	833	3,939	2,757
May 1956.....	3,891	3,635	517	8,043	1,095	4,986	3,490
June 1956.....	2,270	3,463	320	6,053	1,027	3,297	2,308
July 1956.....	2,352	4,017	534	6,903	1,086	3,438	2,407
August 1956.....	2,334	3,868	501	6,703	1,038	3,372	2,360
September 1956.....	1,670	2,953	566	5,189	591	2,261	1,583
October 1956.....	1,873	4,185	697	6,755	1,134	3,007	2,105
November 1956.....	1,818	3,077	464	5,359	766	2,584	1,809
December 1956.....	2,159	1,234	579	3,972	296	2,455	1,718
January 1957.....	3,232	3,397	468	7,097	946	4,178	2,925
February 1957.....	2,711	1,695	493	4,899	465	3,176	2,223
March 1957.....	2,645	3,078	639	6,362	888	3,533	2,473
Total.....	30,061	37,425	6,266	73,752	10,165	40,226	28,157
1957 marketing year:							
April 1957.....	2,379	3,124	482	5,985	905	3,284	2,299
May 1957.....	2,215	3,601	513	6,329	1,052	3,267	2,287
June 1957.....	2,136	3,478	343	5,957	980	3,116	2,181
July 1957.....	1,983	5,692	722	8,397	1,524	3,507	2,455
August 1957.....	2,018	3,035	516	5,569	672	2,690	1,883
From Jan. 1, 1953, as provided under the National Wool Act of 1954, through: Mar. 31, 1957.....	151,248	120,338	23,800	295,386	32,030	183,278	128,292

¹ Estimated on the basis of 26.0 percent, the average of compound duties collected from Jan. 1, 1953, through Mar. 31, 1956.² Estimated on the basis of 26.3 percent, the average of compound duties collected during the first 6 months of 1954.

NOTE.—Compiled from data furnished by the Treasury Department.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 22, 1958.

EXHIBIT P

Projections of payments under wool payment program and duty collections available for payments through the 1958 marketing year with incentive price at 62 cents for the 1958 marketing year

Period	Price of wool	Total payments ¹		Duty collections available for payments	
		Year	Cumulative	Year	Cumulative
	<i>Cents</i>				
Jan. 1, 1953-Mar. 31, 1955.....					\$68,655,000
1955 marketing year.....	42.8	\$58,000,000	\$58,000,000	\$31,480,000	100,135,000
1956 marketing year.....	44.3	\$53,100,000	111,100,000	28,157,000	128,292,000
1957 marketing year, estimated.....	51.7	\$30,900,000	142,000,000	\$23,390,000	151,682,000
1958 marketing year, projected.....	48.0	\$42,000,000	184,000,000	\$33,015,000	184,697,000

¹ Assuming no payments will be required to support the price of mohair.

² At \$3,000,000 for each 1 cent the national average price received by growers for wool is below the incentive level of 62 cents.

³ Assumes 130,000,000 pounds were sold during the first 5 months of the marketing year when the price received by growers as reported each month averaged 54.5 cents, and that 100,000,000 pounds (balance of the 1957 clip and early marketings from the 1958 clip) will be sold the last 7 months of the marketing year at an average price of 48 cents per pound. Price reported for December 1957 was 46.4 cents and for January 1958 was 45.2 cents. The weighted average for the year will depend, of course, upon the relative quantities marketed each month. With the decline in prices, the quantities marketed during the latter part of the current year may be curtailed.

⁴ Assumes imports of raw wool during the 1957 marketing year will be 25 percent less than a year earlier (actual down 21 percent first 8 months) and that stocks at end of year will continue at their present level about in line with consumption (about 25 percent below their usual levels of recent years and equal to only 20 weeks' mill consumption). Also assumes imports of raw wool during the 1958 marketing year will increase to about 50 percent over those of the 1957 marketing year in order to supply the mill requirements with no increase in stocks at the end of the year. In arriving at these assumptions on imports of raw wool, mill consumption during the 1957 marketing year is projected at 16 percent below that of the 1956 marketing year (actual down 27 percent first 8 months). It is expected to increase cyclically during the 1958 marketing year and for that year be about 8 percent greater than for the 1957 marketing year. The figures take into consideration liquidation of the OCC-owned wool and assume that imports of other animal fibers and wool manufactured items will continue at their levels of the past 2 years.

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 31, 1958.

EXHIBIT Q

Payments under the National Wool Act of 1954—Wool payments for the 1955 marketing year through Oct. 31, 1957

State	Marketings covered by payments (in thousands of pounds)			Amount of payments			
	Shorn wool	Unshorn lambs, live- weight	Shorn wool	Unshorn lambs	Total	Promotion deductions	Paid pro- ducers
Maine.....	126	360	27,828	2,797	30,625	1,436	29,189
New Hampshire.....	36	36	7,610	271	7,881	382	7,499
Vermont.....	49	196	10,815	1,153	11,968	599	11,369
Massachusetts.....	63	44	15,430	338	15,768	650	15,108
Rhode Island.....	10	16	2,029	100	2,129	105	2,024
Connecticut.....	32	6	7,067	30	7,097	325	6,772
New York.....	1,178	5,600	247,578	47,810	295,488	14,575	280,913
New Jersey.....	52	302	11,248	2,328	13,576	670	12,906
Pennsylvania.....	1,493	2,520	326,300	19,488	345,788	16,186	329,602
North Atlantic.....	3,039	9,050	655,895	74,395	730,290	34,898	695,392
Ohio.....	11,178	31,156	2,266,350	246,062	2,512,416	127,357	2,385,059
Indiana.....	3,841	21,708	736,607	168,969	905,576	49,253	856,313
Illinois.....	4,982	34,366	905,720	253,889	1,159,609	66,999	1,092,610
Michigan.....	3,590	14,512	719,148	109,959	829,107	43,155	785,952
Wisconsin.....	1,765	9,904	338,351	79,205	417,556	22,606	394,950
North Central, Eastern.....	25,356	111,646	4,966,176	853,088	5,824,264	309,380	5,514,884
Minnesota.....	6,271	35,118	1,141,044	271,841	1,412,885	80,245	1,332,620
Iowa.....	10,242	80,092	1,974,183	605,399	2,579,582	142,471	2,437,111
Missouri.....	5,437	37,396	1,102,634	304,040	1,406,674	73,072	1,333,602
North Dakota.....	5,402	27,918	975,935	214,802	1,190,737	67,975	1,122,762
South Dakota.....	10,503	54,280	2,024,255	428,057	2,452,312	132,171	2,320,141
Nebraska.....	3,701	55,548	626,882	426,469	1,053,351	64,780	988,571
Kansas.....	3,720	24,390	609,531	198,986	808,517	49,394	759,123
North Central, Western.....	45,267	314,742	8,454,464	2,449,504	10,904,058	610,128	10,293,930
Delaware.....	36	68	3,952	278	4,230	397	3,833
Maryland.....	219	844	42,306	6,595	48,901	2,610	46,291
Virginia.....	1,583	14,908	329,324	110,960	440,287	23,280	417,007
West Virginia.....	1,493	11,472	331,083	86,177	417,260	20,603	396,657
North Carolina.....	189	1,072	43,127	5,525	48,653	2,427	46,226
South Carolina.....	38	62	8,605	473	9,078	416	8,662
Georgia.....	98	150	21,744	1,202	22,946	1,053	21,893
Florida.....	16	2	3,003	233	3,236	161	3,075
South Atlantic.....	3,672	28,578	783,144	211,447	994,591	51,007	943,584
Kentucky.....	3,825	29,804	808,359	215,854	1,024,213	53,155	971,058
Tennessee.....	1,360	11,550	296,528	90,010	386,538	19,372	367,166
Alabama.....	261	878	52,821	6,667	59,488	3,048	56,440
Mississippi.....	376	780	71,326	7,053	78,379	4,152	74,227
Arkansas.....	299	1,586	59,715	11,037	70,752	3,786	66,966
Louisiana.....	423	230	84,233	1,499	85,732	4,348	81,384
Oklahoma.....	1,724	9,316	265,414	70,890	336,304	21,902	314,402
Texas.....	49,754	26,218	9,610,426	204,738	9,815,164	510,650	9,304,514
South Central.....	58,022	80,362	11,248,822	607,748	11,856,570	620,413	11,236,157
Montana.....	14,846	25,620	3,008,089	198,134	3,206,223	161,274	3,044,949
Idaho.....	13,369	91,246	2,566,868	674,248	3,241,116	179,317	3,061,799
Wyoming.....	19,238	26,626	3,390,549	205,067	3,595,616	205,697	3,389,919
Colorado.....	14,276	99,614	2,657,795	758,368	3,416,163	192,568	3,223,595
New Mexico.....	12,329	4,984	2,004,695	38,266	2,042,961	125,786	1,917,175
Arizona.....	3,368	11,734	642,954	91,633	734,587	39,545	695,042
Utah.....	11,614	47,202	2,229,426	363,770	2,593,196	139,737	2,453,459
Nevada.....	3,161	6,526	639,362	50,253	689,615	34,877	654,738
Washington.....	3,243	16,132	603,968	124,227	728,195	40,495	687,700
Oregon.....	7,154	21,912	1,476,941	169,373	1,646,314	82,497	1,563,817
California.....	22,249	85,842	4,683,556	727,865	5,411,421	265,411	5,146,010
Western.....	124,847	437,438	23,904,203	3,401,204	27,305,407	1,467,204	25,838,203
United States.....	200,212	981,816	50,012,704	7,602,476	57,615,180	3,093,030	54,522,150

Prepared by Livestock and Dairy Division, Commodity Stabilization Service, Jan. 8, 1958.

EXHIBIT R

Payments under the National Wool Act of 1954—Wool payments for the 1956 marketing year through November 30, 1957

State	Markettings covered (thousands of pounds)		Adjustment for lambs purchased (thousands of pounds)		Amount of payments		Promotion fund de- ductions	Paid (pro- ducers)
	Shorn wool	Unshorn lambs	Shorn wool	Unshorn lambs	Shorn wool	Unshorn lambs		
Maine.....	141	430	.....	6	\$27,126	\$3,022	\$30,148	\$28,525
New Hampshire.....	40	46	.....	3	7,180	289	7,469	7,049
Vermont.....	56	198	.....	31	11,535	1,184	11,719	11,075
Massachusetts.....	73	46	.....	.....	12,649	1,727	14,376	13,627
Rhode Island.....	11	27	.....	.....	2,168	183	2,349	2,223
Connecticut.....	31	14	.....	.....	5,844	98	5,942	5,525
New York.....	1,065	5,711	80	607	201,283	35,753	237,036	223,870
New Jersey.....	49	689	.....	459	9,988	303	10,291	9,689
Pennsylvania.....	1,604	3,816	.....	19	289,466	27,318	316,784	298,851
North Atlantic.....	3,070	10,977	80	1,215	563,139	69,857	633,996	600,433
Ohio.....	11,002	31,989	3,060	1,831	1,964,670	203,825	2,168,495	2,032,980
Indiana.....	3,446	20,966	660	3,203	592,078	126,225	718,303	675,382
Illinois.....	4,445	36,799	5,120	12,782	723,848	169,129	892,977	838,900
Michigan.....	3,445	14,849	1,520	1,804	564,187	122,127	716,314	678,111
Wisconsin.....	1,695	10,358	420	1,694	310,909	63,265	374,174	353,054
North Central, eastern.....	24,063	114,931	10,780	21,814	4,173,692	684,871	4,858,563	4,576,357
Minnesota.....	6,158	37,882	9,480	6,394	1,021,025	218,189	1,239,214	1,166,753
Iowa.....	9,892	71,726	16,800	21,048	1,619,848	353,169	1,973,017	1,857,495
Missouri.....	9,683	61,927	4,240	5,138	1,031,909	260,426	1,292,335	1,229,924
North Dakota.....	5,822	30,955	13,020	5,443	998,045	182,406	1,179,451	1,104,311
South Dakota.....	11,454	78,495	3,300	22,699	2,017,388	432,470	2,449,858	2,315,415
Nebraska.....	1,127	38,670	10,520	14,688	619,011	161,337	780,348	728,512
Kansas.....	3,880	23,366	5,440	2,492	542,045	152,897	694,942	641,959
North Central, western.....	50,986	342,711	70,780	75,222	7,787,191	1,761,966	9,548,587	8,940,708
Delaware.....	19	83	.....	.....	3,480	865	4,065	3,833
Maryland.....	207	1,046	.....	391	37,743	7,745	45,488	42,517
Virginia.....	1,089	15,822	20	411	331,063	113,006	444,704	420,127
West Virginia.....	1,540	12,768	.....	8	307,284	90,451	397,735	375,974
North Carolina.....	216	1,422	.....	16	40,109	10,318	50,927	48,068
South Carolina.....	86	1,96	40	43	10,282	10,603	10,935	10,355

	192	561	200	1	201	32,859	3,879	36,738	2,104	34,634
	23		20		20	3,594		3,594	216	3,378
Georgia.....	3,941	31,947	280	423	703	706,449	227,737	904,186	54,946	959,240
Florida.....										
South Atlantic.....										
Kentucky.....	3,933	34,678	380	282	662	718,933	242,868	961,801	53,312	905,480
Tennessee.....	1,361	12,402	20	141	161	248,761	87,408	336,169	19,766	316,403
Alabama.....	1,321	12,402	440	11	451	51,189	8,798	59,987	3,463	65,524
Mississippi.....	439	1,355	40	64	104	72,880	9,054	81,934	5,013	76,921
Arkansas.....	319	1,274		48	48	59,651	13,554	73,205	3,799	69,406
Louisiana.....	422	260	20	7	27	61,784	6,202	67,986	4,335	63,654
OKlahoma.....	1,577	8,346	1,180	573	1,753	205,060	54,922	259,982	19,066	240,916
Texas.....	45,631	98,358	16,520	3,294	19,814	8,215,767	628,398	8,844,165	495,545	8,348,620
South Central.....	54,003	157,724	18,000	4,420	23,020	9,634,025	1,051,207	10,685,232	607,299	10,077,933
Montana.....	14,634	72,370	1,920	5,991	7,911	2,435,329	516,121	3,151,450	178,555	2,972,895
Idaho.....	12,333	112,825	4,780	18,816	23,596	2,174,602	675,738	2,850,340	168,933	2,681,407
Wyoming.....	22,047	85,943	1,660	5,670	7,230	3,639,486	572,452	4,231,938	280,819	3,972,119
Colorado.....	13,632	113,222	11,340	23,448	34,738	2,263,050	634,540	2,897,590	175,726	3,073,316
New Mexico.....	11,884	27,192	2,900	1,837	4,737	1,898,239	224,612	2,117,851	130,067	2,247,918
Arizona.....	2,930	12,305	1,400	91	1,491	496,161	86,638	582,800	34,709	637,509
Utah.....	12,566	76,773	4,420	12,577	16,997	2,097,320	425,630	2,522,950	155,542	2,678,492
Nevada.....	2,976	13,300	4,420	690	1,110	493,682	103,249	636,911	36,854	673,735
Washington 1.....	6,638	16,710	2,380	2,077	4,457	445,295	103,369	548,664	32,507	600,037
Oregon.....	6,824	27,521	3,900	1,898	5,798	1,231,360	241,823	1,473,175	84,090	1,557,265
California.....	19,133	66,800	20,960	1,251	22,211	3,524,752	470,032	3,994,804	215,118	4,209,922
Western.....	121,676	640,974	56,080	74,246	130,826	20,884,246	4,094,635	24,978,781	1,472,019	23,506,762
United States.....	287,729	1,299,174	156,600	176,760	333,360	43,811,742	7,889,303	51,701,045	3,059,612	48,641,433

1 Includes Alaska and Hawaii.
Source: Reports from ASC offices. Livestock and Dairy Division, CSS.

EXHIBIT S

HOW WOOL PAYMENTS ARE FIGURED

Incentive payment on shorn wool

After the marketing year is over and the average price received for shorn wool by all producers is known, the rate of the incentive payment for the marketing year is announced. The rate of payment will be the percentage required to bring the national average price received by all producers up to the announced incentive price. Use of the percentage rate recognizes quality production and encourages producers to improve the quality and marketing of their wool to get the best price possible in the open market. Following is an example of how the rate is calculated:

Incentive price as announced.....	\$0. 62
Assuming average price received by growers for the year is.....	. 50
Difference.....	. 12
Percentage necessary to bring 50-cent average up to the 62-cent level....	24

The announced percentage will be applied to the net proceeds received by each producer for the wool he marketed during the marketing year as shown by the sales documents, like the bill or account of sale, to determine the amount of his incentive payment. The following example illustrates how the county office will use the announced percentage rate to determine the amount of payment to a producer.

Net proceeds from sale of 2,000 pounds of shorn wool at 50 cents.....	\$1, 000
Shorn wool payment rate (percent).....	24
Payment.....	240

Unshorn lambs (pulled wool) payments

When the rate of incentive payments for shorn wool is announced, the rate of payments for unshorn lambs sold during the marketing year will also be announced. The rate of payment will be a fixed number of cents per hundredweight of animals sold to reflect, on the average, the approximate number of pounds of wool on the animals at the time of marketing. The quantity of wool on unshorn lambs sold for slaughter during the year averages around 5 pounds per hundredweight of live animal. Wool on lambs sold for slaughter is coarser and of shorter staple on the average than the United States shorn wool clip; hence, a lesser payment per pound to compensate for pulled wool is appropriate. Allowing for these factors, the following is an example of how the rate will be calculated:

Incentive price for shorn wool as announced.....	\$0. 62
Assuming average price received by producers for the year is.....	. 50
Difference.....	. 12
80 percent of difference to adjust for difference in grade and staple (cents).....	9. 6
Wool, greasy shorn basis (pounds per hundredweight of lambs).....	5
Rate of payment per hundredweight of unshorn lambs (cents).....	. 48

The rate of payment for unshorn lambs as announced at the end of the marketing year will be used by the county office to compute the amount of payment to each producer who qualifies for a payment. The number of pounds of unshorn lambs, as shown on the sales documents submitted by the applicant for a payment, will be multiplied by the rate per hundredweight. Following is an example of how the amount of payment would be calculated in the case of the sale of unshorn lambs by original producer:

Net weight of 300 unshorn lambs sold (pounds).....	30, 000
Lamb payment rate per hundredweight.....	\$0. 48
Payment.....	\$144

A downward adjustment is made in the payments to a producer if the sale of shorn wool or unshorn lambs, as the case may be, includes lambs or wool from lambs purchased unshorn. This adjustment in the payment to a later owner is designed to eliminate duplication in the total amounts paid. If the applicant shears the lambs or resells them unshorn, the downward adjustment in his payment is, in effect, the amount due the previous owner. Thus, the original pro-

ducers and later feeder or breeder-owners share in the total lamb payment according to the weight gained by the lambs while in their possession. Following is an example of how the payment would be adjusted in the case of a feeder who sells purchased lambs:

Weight of 300 unshorn lambs sold (pounds).....	30, 000
Less weight of 300 unshorn lambs purchased (pounds).....	21, 000
Net weight produced (pounds).....	9, 000
Lamb payment rate per hundredweight.....	\$0. 48
Payment.....	\$43. 20

In the above example, the original producer selling the 300 lambs to the feeder would be entitled to the payment on the 21,000 pounds at 48 cents per hundredweight, or \$100.80.

If the later owner shears the lambs and sells the shorn wool, his payment will be calculated by figuring the amount of payment on the shorn wool and adjusting downward by the payment on the unshorn lambs purchased (\$100.80 in this case) which the original producer is to receive.

Mr. MATTHEWS. Are there any questions?

Mr. HILL. Mr. Matthews, I would like to call attention to the fine statement that has been made by Assistant Secretary McLain, and to say that I think this would answer all of the objections that anyone might have to the extension of the Wool Act.

I might ask Mr. McLain, is it the Department's position that we should not have a definite end of the program, just make it continuous?

Mr. McLAIN. We reported, Congressman Hill, on the bill for an extension for 4 years, and our testimony was prepared before the amendments on the Senate side and those here this morning were offered. The Department would not have any serious objection to elimination of the 4-year termination date.

Mr. HILL. Of course, you understand any Congress can offer amendments any time it is in session.

Mr. McLAIN. That is right.

Mr. HILL. If it is working well, there would not be any reason why it should not be extended. And if there are parts of it that are not working well, amendments can always be offered. So the danger of no particular ending of a program is not as serious as it first would appear; is that correct?

Mr. McLAIN. I think that is correct.

Mr. HILL. That is all of the questions I have.

Mr. MATTHEWS. Any questions, Mr. Johnson?

Mr. JOHNSON. No.

Mr. MATTHEWS. Mr. Dixon?

Mr. DIXON. There was a complaint among the woolgrowers themselves when the act was first put into operation that it was unfair to the growers and gave the feeders the advantage—and by “feeders” we mean the people who buy the lambs—in other words, the feeders would take the lambs for 6 weeks or 2 months and fatten them and get incentive payments on the wool, whereas the growers got none.

Will you please tell us whether this objection has been removed?

Mr. McLAIN. As mentioned in my statement, we now have the program working so that the original producers and the later breeder or feeder-owners share in the payments. And to my knowledge, at least, our present plan has been very acceptable to all segments of the industry. Is that not correct, Frank?

Mr. IMMASCHE. The first year when we were more or less feeling our way, we made the payments for pulled wool on the basis of the

lambs going to slaughter. As the Congressman has indicated, we had a number of complaints on that method.

Mr. DIXON. In other words, the man who slaughtered the lambs got all of the incentive payment on the wool?

Mr. IMMASCHE. All the payment for pulled wool was made to the last bona fide owner of the lamb for 30 days. But now we have it where the original producer and any later feeder-owner share in the payments according to the weight gain of the lambs while owned by each. The payment is figured on the basis of a fixed amount of wool per hundredweight of live lamb and therefore does not cover the precise amount of wool on each lamb, but it seems to be working out very well. As the Assistant Secretary mentioned, we are getting practically no complaints on the present procedure and our thought is to continue it as is.

Mr. DIXON. Recently I have heard no complaints, whereas the first year I heard many.

Mr. IMMASCHE. That is right.

Mr. DIXON. Now another question. On page 7, you say:

With the general decline in wool prices in world market since last May it appears that the backlog available for payment may be completely exhausted by the end of the fourth year.

As I understand it, the fourth year will start this April 1? And it will end, when—March 31?

Mr. McLAIN. March 31, 1959.

Mr. DIXON. So the implication is that you would favor Congress fixing an amendment to take that word "specific" out so that you might get 70 percent of the tariff?

Mr. McLAIN. Our position, Congressman Dixon, is that if we are going to have the act, we should have the funds to run the programs in the manner that was intended. I do not think anybody in this room can predict accurately how much money it will take 4 years ahead because nobody knows what the price level will be, or what the domestic price or the world market will be. But it is the Secretary's feeling and I share in it, that if we are going to have the act we ought to have the funds to operate it in the way it was intended. To do other than that would defeat the purpose of the act.

Mr. DIXON. Another question, Mr. McLain. Do you feel that the wool people need this checkoff more than the producers of red meat?

Mr. McLAIN. I missed the first part of your question.

Mr. DIXON. Do you feel or do you not feel that the producers of wool need this checkoff that is in the bill?

Mr. McLAIN. The checkoff?

Mr. DIXON. More than the producers of red meat, and why?

Mr. McLAIN. There are many things that we produce in surplus. We would like to urge farmers to produce the things that we do not produce in surplus. And, certainly, wool and lamb come in this category. Therefore, we feel anything we can do to help stimulate the production of wool and lamb would be beneficial not only to the wool and lamb grower, but, also, to all of agriculture in the United States. Diversion into wool and lamb can be of some help to areas and commodities now having surplus problems.

Our position in the Department on the checkoff is that we have had a lot of reservation about involuntary checkoff as such. However, we did go along with section 708 in the initial Wool Act and, as

mentioned in my statement, we do not propose to do otherwise this time. We feel that an exception can be made because of the special situation of wool and lamb, the history of the Wool Act, and the interest the wool and lamb people themselves have shown in the advertising and sales promotion of their products.

As I stated, upon extension of the National Wool Act it is planned to hold another referendum to determine the desire of growers in continuing the program. They will be the ones who will determine whether the promotion program is continued. But it should not be construed that because of this particular program we would be wholeheartedly for any involuntary checkoff that might be developed because we think that in principle there are some dangers in moving in that direction.

Mr. DIXON. I have in mind another point, too; that is, the competition with synthetics with the wool industry.

Mr. McLAIN. That is right. Of course, the cotton industry is plagued with synthetics about as much as the wool industry, as you well know.

Mr. DIXON. And cattle and hogs do not have that competition?

Mr. McLAIN. I think that is correct. Although I must say in all fairness, that cattle and hogs do have some competition from poultry and other things. So we should not say that they do not have competition, because they do have.

Mr. DIXON. Not from synthetics, as textiles do?

Mr. JOHNSON. I think if you go down the line they suffer from more competition.

Mr. DIXON. I mean from the competition of synthetics.

Thank you, Mr. McLain. I want to compliment you on your fine testimony.

Mr. MATTHEWS. Thank you very much, Congressman Dixon.

Are there any other questions? I would like to have inserted without objection, a statement by Representative William A. Dawson. He could not be here this morning.

(The statement referred to is as follows:)

STATEMENT OF HON. WILLIAM A. DAWSON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF UTAH

Mr. Chairman, in the wool legislation that is before the committee today we have something almost unique. That is, we have a farm bill that actually works. It is of utmost importance that this measure be extended as it is and not made unworkable by loading it down with amendments that would extend its provisions and principles to other commodities which, however important to our Nation's welfare, do not fall in the same category as wool.

When this measure was first enacted almost 4 years ago, it had no termination date. It was proposed as a permanent cure to a very sick domestic woolgrowing industry. A termination date was inserted by the House which, wisely I think, decided that this law should be reexamined after 4 years to see if it was actually working. I submit, Mr. Chairman, that it has worked. The National Wool Act during the past 3½ years has restored initiative and enterprise to our domestic wool industry. In doing so, it has formed the basis for an increased production of this fiber—a production vital to our national security and economic well-being. It has resulted in domestic wool production for consumption, not for Government warehouse as was the case prior to its enactment.

In short, Mr. Chairman, this law which we are asking be extended saved the domestic wool industry from extinction and has and will if reenacted offer the woolgrowers of the country the necessary incentive to continue their operations.

I have yet to hear a reasonable alternative to extension of the present act. A return to a straight and rigid price-support program would again result in the

Government becoming the prime purchaser of our domestic wool production. Government warehouses would bulge with unmarketable wool and this surplus would operate to further depress prices on the open market. At this point, I think the Secretary of Agriculture deserves a tribute for his splendid efforts in disposing of the Government-owned wool surplus after the initial enactment of this law.

The second alternative—higher tariffs on foreign-produced wool—also has some major disadvantages. Our manufacturers who purchase raw wool are not in a happy situation. To increase the cost of their raw material through an increase in wool tariffs would put them at a further disadvantage in competition with foreign cloth producers. Under the present act, the domestic wool production has moved orderly into commercial channels to the advantage of the producers, the manufacturers, and the Government.

In my State of Utah, wool production stands fifth in economic importance. In the legislation before you, we have found a sound solution to a very sticky problem. Let me urge you to reenact this law as it stands and not to endanger a major segment of our economy by attempting to apply the law's provisions to other commodities whose problem is not comparable.

MR. MATTHEWS. I will ask our colleague, Congressman Dixon, if you will please introduce Mr. Don Clyde.

MR. DIXON. It is my distinct pleasure and honor, Mr. Chairman, to introduce Mr. Don Clyde, of Heber City, Utah, who is the president of the National Wool Growers Association.

MR. CLYDE is a woolgrower in his own right, and has been over the years, operating quite a large sheep undertaking—about 4,000 breeding ewes. I would like to state that my intimate acquaintance with Mr. Clyde for many years prompts me to say that he is a man of principle and honor in every way, not only respected throughout the United States but particularly in Utah where we know him best.

MR. MATTHEWS. Thank you very much for that.

We are really delighted to have you here.

STATEMENT OF DON CLYDE, PRESIDENT OF THE NATIONAL WOOL GROWERS ASSOCIATION, HEBER CITY, UTAH

MR. CLYDE. Mr. Chairman and gentlemen, I, certainly, appreciate the opportunity of the courtesy extended us to appear before you.

I am president of the National Wool Growers Association. I am also a woolgrower, residing in Heber City, Utah. I have a flock of approximately 4,000 breeding ewes which summer in the Wasatch Mountains of Utah and winter in the desert area of that State. My sheep operation is typical of many others in Utah and surrounding States, which have been developed over a period of years to make the best possible use of the available grass and water resources.

The National Wool Growers Association became 92 years old just a few weeks ago. In fact, we were organized in New York State immediately following the Civil War. During all of those 92 years our organization has been the recognized spokesman for the sheep-producing industry of the United States.

I am here today to urgently request a renewal of the National Wool Act of 1954. In making this request, I am speaking not only for the membership of the National Wool Growers Association but for wool-producer groups in all the 48 States, 96 organizations in total.

I have a list of those 96 organizations, and I would like to file them with the clerk.

MR. MATTHEWS. Without objection permission is granted to file them in the record.

(The list referred to is as follows:)

LIST OF SHEEP PRODUCER ORGANIZATIONS WHICH AUTHORIZED DON CLYDE,
PRESIDENT OF NATIONAL WOOL GROWERS ASSOCIATION, TO REPRESENT THEM
IN A JOINT INDUSTRY REQUEST TO CONGRESS FOR EXTENSION OF THE NATIONAL
WOOL ACT OF 1954

Alabama:

1. Alabama Sheep & Wool Growers Association, E. R. Howard, president, Route 1, Toney, Ala.

Arizona:

1. Arizona Wool Growers Association, H. B. Embach, secretary, 14 East Jefferson Street, Phoenix, Ariz.

Arkansas:

1. Washington County Sheep Association, Dick Johnston, Fayetteville, Ark.

California:

1. California Wool Growers Association, W. P. Wing, secretary, 151 Mission Street, San Francisco, Calif.

Colorado:

1. Colorado Wool Growers Association, Robert Field, secretary, 4693 Franklin Street, Denver, Colo.
2. Colorado Wool Marketing Association, Newton Bowman, secretary, 101 Lipan Street, Denver, Colo.
3. Colorado-New Mexico Wool Marketing Association, R. E. Fryback, secretary, Durango, Colo.

Connecticut:

1. Connecticut Sheep Breeders Association, R. Eldred Doyle, president, Rural Free Delivery No. 2, Doyle Road, Rockville, Conn.

Delaware:

1. Delaware Sheep & Wool Association, Mrs. Earl Rambo, secretary, Houston, Del.

Florida:

1. Northwest Florida Sheep Growers Association, Oscar Harrison, secretary, DeFuniak Springs, Fla.

Georgia:

1. Georgia Purebred Sheep Breeders Association, James White, Jr., president, 2734 Peachtree Road, Atlanta, Ga.
2. Georgia Sheep & Wool Growers Association, Joe Butler, president, Camilla, Ga.

Idaho:

1. Idaho Wool Growers Association, M. C. Claar, secretary, Post Office Box 2598, Boise, Idaho
2. Idaho Wool Marketing Association, R. K. Hart, secretary, Box 547, Pocatello, Idaho
3. American Suffolk Sheep Society, C. W. Hodgson, secretary, Moscow, Idaho

Illinois:

1. Illinois Wool Marketing Association, Dale A. Rouse, secretary, 1208 South Central Avenue, Paris, Ill.

Indiana:

1. Indiana Farm Bureau Cooperative Association, Charles Poland, manager, 47 South Pennsylvania Street, Indianapolis, Ind.
2. American Shropshire Registry Association, Mrs. Jessie F. Ritenour, secretary-treasurer, Post Office Box 678, Lafayette, Ind.

Iowa:

1. Iowa Sheep & Wool Growers Cooperative Association, Don Pullin, president, Waterloo, Iowa
2. Iowa State Sheep Association, Dewey Jontz, field representative, State House Des Moines, Iowa
3. American Hampshire Association—Roy A. Gilman, secretary, Stuart, Iowa

Kansas:

1. Kansas Purebred Sheep Breeders Association, R. F. Cox, director, Kansas State College, Manhattan, Kans.

Kentucky:

1. Kentucky Wool Growers Cooperative Association, R. R. Biddle, manager, 620 South Broadway, Lexington, Ky.
2. National Sheep Association, Sam R. Guard, secretary, Louisville, Ky.

Louisiana:

1. Louisiana Sheep Growers Association, P. Chauvin Wilkinson, president, Port Allen, La.
2. Louisiana Sugar Belt Sheep Growers Association, E. H. Graugnard, president, St. James, La.

Maine:

1. Maine Sheep Breeders Association, W. P. McDonald, secretary, Vassalboro, Maine.

Maryland:

1. Maryland Sheep Breeders Association, Edward F. Shepter, president, Brightside Road, Baltimore, Md.

Massachusetts:

1. National Wool Marketing Corporation, David E. Judd, secretary, 281 Summer Street, Boston, Mass.
2. New England Sheep & Wool Growers Association, Joseph L. Lavien, president, Sheffield, Mass.

Michigan:

1. Michigan Cooperative Wool Marketing Association, Seldon D. Harvey, secretary, Post Office Box 49, Manchester, Mich.
2. American Oxford Down Record Association, C. E. Puffenberger, secretary, Eaton Rapids, Mich.
3. Michigan Sheep Breeders Association, H. A. Henneman, secretary, Michigan State University, East Lansing, Mich.
4. Michigan Shropshire Breeders Association, East Lansing, Mich.
5. Michigan Lamb Feeders Association, East Lansing, Mich.

Minnesota:

1. Minnesota Wool Growers Association, Carl J. Nadasdy, manager, 101-27th Avenue, SE., Minneapolis, Minn.
2. Minnesota-Dakota Columbia Breeders Association, Sleepy Eye, Minn.
3. Minnesota Sheep Breeders Association, University Farm, St. Paul, Minn.
4. Northern Minnesota Sheep Producers Association, Norman L. Anderson, president, Middle River, Minn.
5. Southern Minnesota Sheep Breeders Association, Le Center, Minn.

Mississippi:

1. Mississippi Purebred Sheep Breeders, Rogers G. Davis, president, Natchez, Miss.

Missouri:

1. American Corriedale Association, Rollo E. Singleton, secretary, 108 Parkhill, Columbia, Mo.
2. Midwest Wool Marketing Association, Frank C. Rice, 911 Wyoming Street, Kansas City, Mo.
3. Missouri Livestock Association, Wallace Smith, Columbia, Mo.
4. Northeast Missouri Hampshire Association, V. B. Vandiver, Leonard, Mo.
5. Montadale Sheep Breeders Association, E. H. Mattingly, secretary, 61 Angelica Street, St. Louis, Mo.
6. National Lamb Feeders Association, Carl Montegna, secretary, 200 Livestock Exchange Building, Kansas City, Mo.

Montana:

1. Montana Wool Growers Association, Everett E. Shuey, secretary, Livestock Building, Helena, Mont.
2. Northwest Wool Marketing Association, S. E. Whitworth, manager, Placer Hotel Building, Helena, Mont.

Nebraska:

1. Nebraska Wool Growers Association, Dwight Holaway, vice president, Crawford, Nebr.

Nevada:

1. Nevada Wool Growers Association, John E. Humphrey, secretary, Post Office Box 1429, Reno, Nev.
2. Nevada Wool Marketing Association, George Swallow, secretary, Ely, Nev.

New Hampshire:

1. New Hampshire Sheep Breeders Association, Edwin H. Keith, secretary-treasurer, North Sutton, N. H.

New Jersey:

1. New Jersey Hampshire Sheep Association, Mrs. E. L. Boardman, secretary, Bernardville, N. J.
2. New Jersey Sheep Breeders Association, Rutgers University, New Brunswick, N. J.

New Mexico:

1. New Mexico Wool Growers Association, Miss Isabel Benson, secretary, Box 421, Albuquerque, N. Mex.

New York:

1. New York State Sheep Growers Cooperative Association, Stephen B. Whitaker, manager, Penn Yan, N. Y.
2. New York State Purebred Sheep Improvement Project and New York State Sheep Growers Association, Ithaca, N. Y.
3. New York State Corriedale Association, Fred C. Tilton, secretary, Holcomb, N. Y.
4. Schuyler County Sheep Breeders Cooperative, Robert Beattie, secretary, Hector, N. Y.
5. Western New York Lamb Feeders, Stephen Hawley, president, Batavia, N. Y.

North Carolina:

1. North Carolina Wool Pools, A. V. Allen, Secretary, North Carolina State College, Raleigh, N. C.

North Dakota:

1. North Dakota Cooperative Wool Marketing Association, A. C. Bjerken, manager, Post Office Box 1186, Fargo, N. Dak.
2. Missouri Slope Wool Growers Association, Center, N. Dak.

Ohio:

1. Ohio Wool Growers Cooperative Association, Paul A. Getz, manager, 2050 South High Street, Columbus, Ohio
2. Ohio Sheep Improvement Association, Ralph H. Grimshaw, secretary, Plumb Hall, Ohio State University, Columbus, Ohio

Oklahoma:

1. Oklahoma Sheep & Wool Growers Association, Otto S. Cox, Delaware, Okla.

Oregon:

1. Oregon Wool Growers Association, J. P. Steiwer, secretary, Fossil, Oreg.
2. American Romney Breeders Association, Withycombe Hall, Corvallis, Oreg.
3. Pacific Wool Growers, R. A. Ward, general manager, 734 NW. 14th Avenue, Portland, Oreg.

Pennsylvania:

1. American Cheviot Sheep Society, S. R. Gates, secretary, Lafayette Hill, Pa.
2. American Southdown Breeders Association, W. L. Henning, secretary, State College, Pa.
3. Continental Dorset Club, J. R. Henderson, secretary, Hickory, Pa.
4. Pennsylvania Sheep & Wool Growers Association, W. A. Thompson, president, Waynesboro, Pa.

Rhode Island:

1. Rhode Island Sheep Cooperative, Irving Hazard, president, Saundertown, R. I.

South Carolina:

1. South Carolina Sheep Breeders Association, Inc., Ola Forbes, president, Mountville, S. C.

South Dakota:

1. Western South Dakota Sheep Growers Association, John H. Widdoss, secretary, Belle Fourche, S. Dak.
2. South Dakota Wool Growers Association, Robert Dailey, president, Flandreau, S. Dak.

Tennessee:

1. Tennessee Wool Growers Association, P. A. Merriwether, Clarksville, Tenn.

Texas:

1. Texas Sheep & Goat Raisers' Association, Ernest Williams, secretary, Cactus Hotel Building, San Angelo, Tex.
2. American Rambouillet Sheep Breeders Association, Route 1, Box 533, San Angelo, Tex.

Utah:

1. Utah Wool Growers Association, James A. Hooper, secretary, 855 South Fourth West, Salt Lake City, Utah
2. Utah Wool Marketing Association, James A. Hooper, secretary, 855 South Fourth West, Salt Lake City, Utah
3. Columbia Sheep Breeders Association, Alma Esplin, secretary, Box 315, Logan, Utah

Vermont:

1. Vermont Sheep Breeders Association, Don Balch, secretary, Burlington, Vt.

Virginia:

1. United Wool Growers Association, K. A. Keithly, manager, Dayton Pike, Post Office Box 187, Harrisonburg, Va.
2. Southwest Virginia Sheep Breeders Association, G. Allen, Jr., secretary, Blacksburg, Va.
3. Valley-Northern Virginia Sheep Breeders Association, Blacksburg, Va.

Washington:

1. Washington Wool Growers Association, Philip B. Kern, secretary, East Cherry Lane, Ellensburg, Wash.

West Virginia:

1. West Virginia Wool Marketing Association, F. L. Miles, secretary, 476 Hite Street, Morgantown, W. Va.
2. American & Delaine-Merino Association, Charles M. Swart, secretary, 4000 Water Street, Wheeling, W. Va.
3. West Virginia Purebred Sheep Breeders Association, F. L. Miles, secretary, Morgantown, W. Va.

Wisconsin:

1. Wisconsin Cooperative Wool Growers Association, R. E. Richards, manager, 530 East Corcoran Avenue, Milwaukee, Wis.
2. Wisconsin Sheep Breeders Cooperative & Wisconsin Livestock Breeders Association, Dr. A. L. Pope, University of Wisconsin, Madison, Wis.

Wyoming:

1. Wyoming Wool Growers Association, J. B. Wilson, secretary, McKinley, Wyo.
2. Wyoming Wool Marketing Association, W. T. Kirk, manager, 401 East 15th Street, Cheyenne, Wyo.

Mr. CLYDE. Sheep are produced in all of the 48 States. In fact, Government records will show that out of the 3,057 counties in the United States there were only 15 of them where sheep are not produced and consequently only 15 counties which were not actually benefited by this program.

In behalf of we people who raise sheep and wool in the United States, I want to express to the Congress our deep appreciation for your foresight in passing the National Wool Act of 1954. This action clearly indicates your recognition of the serious problems our industry was facing and a sincere desire to place our strategic wool industry on a sound economic footing.

It is also with pleasure and pride that we report to you what has been accomplished and the sincere effort on the part of the American woolgrower to make the National Wool Act work. The act is helping create stability out of a chaotic condition which existed in one of America's oldest industries in 1954. It has enabled us to begin a long-term program to completely rehabilitate an enterprise which has played an important role in the affairs of the Nation.

As woolgrowers we are truly appreciative of the great confidence you have placed in us and the wonderful support that you have given our industry. It has replaced fear and despair with hope and confidence that the future of our industry will again be bright.

We had seen approximately a 50-percent reduction in sheep numbers between 1942 and 1954. Six years prior to 1954, in 1948, a 25-percent cut in the tariff on imports of raw wool was negotiated under the Trade Agreements Act. Duties on wool textile were likewise reduced in 1948.

Our tariff protection was further reduced by the inflation which our country experienced between 1942 and 1954. The drop in the value of the dollar when applied to a cents per pound duty on wool imports,

reduced the amount of protection which the tariff afforded our industry to such an extent that it could not and does not compensate for the high operating costs in the sheep industry of the United States as compared to costs in foreign producing countries. The tariff today represents less than one-third of the protection it gave us before World War II.

Due to this substantial loss in tariff protection and the further fact that our wool was going into a Government stockpile under a loan program, we requested in 1953 an investigation under section 22 of the Agricultural Adjustment Act to confirm our contention that further tariff protection was needed. As a result of this investigation, the United States Tariff Commission found that a tariff increase was necessary to protect the support program for wool.

However, the administration decided that due to the necessity of maintaining the friendliest of relations with our allies, that this recommended tariff increase was inadvisable.

The President had recognized that with sheep numbers having been reduced from 56 million in 1942 to 31 million in 1952, relief for the wool industry was most essential. In 1953 he ordered a study made to determine what type of program could be instituted which would give stability to the domestic sheep industry and which would also be consistent with the United States policy for an expanding foreign trade. We cooperated in this study and joined in bringing the results to you.

It was recommended that in lieu of tariff increases as a method of halting further reduction in sheep numbers that the present inadequate tariffs be not further reduced but that the duties collected should be made to do double duty by using these funds for the relief of the industry when imports depressed prices of domestic wool below our production costs. It was at that time that the Congress passed the National Wool Act.

I can say without hesitation that this act has been the salvation of the sheep industry and if it had not been enacted, I know that many producers in the business today would have been forced to reduce their herds or liquidate entirely. The National Wool Growers Association conducted an extensive survey this winter in large sheep-producing States. Questionnaires were sent to financial institutions which make operating loans to sheep producers.

This survey shows that in the western range States the two incentive payments made to date under the National Wool Act have meant the difference between profit and loss for the majority of the sheep producers.

Now that a serious and prolonged drought in the Western and Southwestern States is well on its way out, there are a number of indications that a definite increase in sheep production and consequently an increase in wool production is on the way.

In fact, during 1956 when we were still in a drought in some areas, 26 States showed some increases in sheep numbers, and 12 held population at the previous year's levels. However, 10 States, mostly in the West and Southwest, showed decreases due to these serious drought conditions. Texas, the largest sheep State of the Nation, had to liquidate 18 percent of its sheep numbers because of drought-ravaged pasturelands during the years 1955 and 1956.

Range and feed conditions during 1957 have, however, been greatly improved. Demand for breeding ewes of all ages this fall and winter is far exceeding the available supply, showing the tremendous interest in increasing production. We feel confident that the sheep population numbers to be released by the United States Department of Agriculture this month will show the increase is underway.

Increases in wool production, the goal of the act, could hardly be expected to come much sooner than 1958 when we consider that the first incentive payment under the act reached growers only 18 months ago.

Only 2 incentive payments have been made under the program and the drought began to subside only 9 months back. Furthermore, the very nature of the sheep enterprise makes rapid production increases impossible. It takes time to build up flock numbers even under the most favorable conditions. Only one lamb crop can be produced in a year. All lambs are not ewe lambs. And it takes 2 years to get the first production from your young ewes, while full production cannot be reached in less than 3 years from the lamb crop.

The act has restored confidence and a modest profit in the sheep industry, has prevented considerable liquidation and now shows it can provide the needed incentive to increase wool production to meet our defense needs.

Furthermore, it has enabled wool to move directly into consumption on a free market at prices competitive with synthetic fibers. Since the Wool Act came into operation, not one single pound of wool has gone into Government storage.

There is no better point in my statement than this, to compliment the Department of Agriculture on the orderly and complete disposal of the wool accumulated from the previous program.

When the Wool Act became effective, the CCC owned 150 million pounds of wool, piled up under the former Government support program. The last pound of that wool was sold the second week of December, and the Government no longer has to merchandise wool. Continuation of our present Wool Act will keep it that way.

Furthermore, one section of this beneficial legislation enables growers to help themselves. Section 708 of the act has authorized the establishment of a self-help program through which growers authorize use of their own funds to stabilize and promote markets for wool and lamb.

The aims of this self-help program on the part of growers are to strengthen our markets and iron out severe fluctuations in lamb and wool prices. In providing this self-help provision, Congress again recognized the difference between the problem of sheep production in deficient supply and those of other commodities produced in surplus.

We produce two products, lamb and wool. They are totally unrelated in the problem of establishing sound consumer demand. To sell wool we must compete with vast sums being spent to publicize and advertise synthetics. The decreasing supply of lamb due to the reduced sheep population so narrowed our markets during the past 15 years that we have lost steady consumer demand.

For many years we have contributed financially to the National Livestock and Meat Board. We are continuing to do so even with the establishment of the American Sheep Producers Council. While we have the greatest respect for the work of the meat board, that

organization has not been in a position to promote individual commodities such as lamb, faced with reduced consumer demand.

They are not permitted to do direct advertising and they are not in any position to help us on wool promotion. As a two-product industry in a highly competitive market, only the sheep producer organizations can do this job effectively. We recognize the value of the work of the meat board in research and education and in the general promotion of all red meats. We want to compliment them for their accomplishments, but must call to the attention of this committee that they alone cannot carry the burden of proper promotion and advertising for our peculiar two-product industry.

I am sure that this committee will be interested in the report of what the growers are doing for themselves through their American Sheep Producers Council which is to be presented to you later, or filed, by Mr. G. N. Winder, the president of that organization.

In this report we believe the sheep producers have real proof of their own efforts to help themselves and make the Wool Act work.

The hearings and study made in committee on the bill to extend the Wool Act affords Congress the opportunity to review its operation and accomplishments. Prior to 1954 the Government and the industry had, over a period of years, sought ways to halt the declining production of wool in the United States. Never before has one of these programs proved successful. There have been various loan programs and purchase programs. All of them created Government stockpiles which in turn continued as a depressant on the open market.

The act provides that payments shall be limited to an amount equal to 70 percent of the specific duties on wool and wool manufactures commencing with January 1, 1953. Since the provisions of the Wool Act did not become effective until April 1, 1955, a backlog of funds was available for payments. We anticipate a small reserve following the present 4-year operation of the program. Because of a combination of factors, during the first 2 years of the programs' operation, farm prices of wool were lower than expected. Fund requirements were greater than were anticipated by either the Government or the industry.

In the past 3 years we have seen a tremendous increase in wool imports arriving here in the form of manufactured fabrics and less wool arriving in its raw state.

There are these factors: (1) There has been 150 million pounds of Government stockpile wool fed into the market; (2) Under the act, we have fed our domestic production directly into the market where before much was going into a stockpile rather than into the market; (3) wool requirements have been down and therefore total imports of raw wool have been down. The specific duties have thus not provided as much in funds as was anticipated at the time of the passage of the act.

Inasmuch as these imported fabrics are lessening the demand on the part of the American manufacturer for wool, we feel that it is only fair that the finished fabric imports carry a greater share of the cost of this program, if it becomes necessary. We also feel that this is a better approach than a suggestion that 100 percent of duties on raw wool be made available for the act because that would disrupt a long-established program of the Congress to use 30 percent of the tariff duties under section 32 of the Agricultural Adjustment Act for

other agricultural supported programs. It is interesting to note that wool duties alone in the 12-year period of 1942 through 1953, the time when our production was dwindling, contributed \$385 million to 86 other agricultural commodities, without one penny going to the wool-growing industry.

It would be a very simple matter to make the act operative on a truly incentive basis if the word "specific" in sections 704 and 705 was removed along with the following parenthetical phrase in each section reading, "(whether or not such specific duties are parts of compound rates)."

The present language is proving to be a limiting factor on fund availability to such an extent that a part of the intent of the act to encourage production is lost. If the word "specific" is removed, as requested, funds would be available for incentive payments up to an amount equal to 70 percent of both the specific and the ad valorem duties on wool and wool manufactures.

Congress has recognized that wool has a strategic importance in war or peace. It is necessary to the economy of the country. It harvests the natural resources of our grazing lands, particularly in the vast arid regions of the West. It provides employment for many thousands of people. It provides taxes for our schools. Let me cite an example of my own personal knowledge. In Rich County, Utah, a few years ago, some of the major livestock outfits were unable to pay their taxes when they were due. That fall there was no money to open the schools in that county. It was not until the sheepmen could borrow the money to pay their taxes, at the request of the local school board, that the schools could open.

And, to cite a case of utilization of the natural resources of our grazing lands, in my own State of Utah, comprising over 52 million acres, less than 3 million are under cultivation because of the limited irrigation water supply.

That leaves us with 49 million acres of land that would be wasteland if it weren't for livestock to harvest the available feed. This is certainly essential to the arid regions of the Western States, both as a tax base and to bring to our economy what wealth we can produce on these acres where forage is so limited.

In the Midwest the sheep industry is essential to diversified agriculture, and more and more a little band of sheep is becoming an economically profitable enterprise, particularly on the small farms, with a minimum of labor requirement.

When we get in the south, we find sheep getting their feed requirements by grazing on and thereby controlling unwanted grass and weeds. We even found, to the surprise of some of us westerners, that there is a dual purpose in barns in some areas used for tobacco storage, during certain seasons they become maternity wards for lambs in the spring.

In summary, the woolgrowers of the United States and their respective organizations in 48 States, earnestly request that you extend the provisions of the Wool Act of 1954 under the declared policy of Congress to increase wool production as a measure of national security and in promotion of the general economic welfare.

We further request that sections 704 and 705 be amended to remove the word "specific" and the following parenthetical phrase in order to provide a more practical limit within which to develop a proper incentive program.

We offer you the pledge of the industry to use our best efforts through the self-help provisions to make this act work to the best advantage of the industry and the United States at the least possible cost to our Government.

Thank you.

Mr. MATTHEWS. Mr. Clyde, thank you very much for a very fine statement. We appreciate your making it to us. I wonder now if the committee has any questions.

Mr. HILL. I would like, also, to associate myself with my good chairman this morning in complimenting you on this most excellent statement. I think I should say this at this particular moment: This subcommittee of which my dear friend, Mr. Matthews, is presiding, decided to hold this, shall I call it emergency hearing, today so the sheepgrowers of the West who had come a long ways to appear before the Senate committee, could remain over the weekend and give us their testimony. And I should say our good friend, the chairman of this committee, Congressman Poage, of Texas, had to be away. He told me that we should go ahead. So we decided to give you this opportunity to place your arguments before this committee.

I am mighty happy to say that as a supporter of this recommendation the kind of information you are giving us today is just exactly what we need.

I notice a statement on page, I think it is page 4 of your statement, which interests me quite a little. I am from Colorado, as you know. And you make a statement there that is wonderful to me and you say:

Now that a serious, a prolonged drought, in the Western and Southwestern States is well on the way out, there are a number of indications that a definite increase in sheep production—

and so on. I just wanted to ask this question as to where you got that information that the drought is entirely over? I don't want to embarrass you. If you do not know where you got the information it is perfectly all right with this committee. I am afraid sometimes that it might linger on in a few areas.

Can you assure me that our dry land wheat area will be in good shape next year?

Mr. CLYDE. I have been very greatly influenced by this view from Texas.

Mr. HILL. What kind of view does Texas ever have except dry plains? [Laughter.]

Mr. CLYDE. They have at present, Congressman Hill, a very optimistic view and they say it has rained all over the plains of Texas and it has rained all over in Utah, and if it missed Colorado we will, certainly, see what we can do about it.

Mr. HILL. That is the answer I wanted you to give us. We share your optimism. I do, too. I know it has rained at home. The beetgrowers were worried last fall how they were going to get the beet crop harvested because it was so wet. So I think we might say that we not only hope that it is true but I feel that the drought, certainly, should be about over in that entire area.

I thank you again for a most excellent statement.

Mr. MATTHEWS. Thank you. Congressman Dixon, have you any questions?

Mr. DIXON. I should like to ask Mr. Clyde to give us a statement with regard to the handling of these funds from the checkoff. What assurance has Congress about that?

Mr. CLYDE. We have an organization to which a certain number of directors are elected from each State and they constitute the board, and of course, all expenditures must be O. K.'d by that board of directors.

In addition to that, the Department of Agriculture has a couple of men who always meet with the board. And they watch the expenditures very carefully.

If there is any question that comes up as to how the money should be spent or if there is any question of whether it isn't right, we are very courteously informed by the Department that that is not set up in the act and it should not be done that way.

I think the board of directors are very conscientious to spend this money so that there will be a good receipt for every dollar expended.

Mr. DIXON. Does the Department of Agriculture require an accounting from you?

Mr. CLYDE. Yes.

Mr. DIXON. And an audit?

Mr. CLYDE. The Department of Agriculture audits the funds of the ASPC, I think annually.

Mr. DIXON. I notice you are everlastingly after us to get Basques into this country for sheep herders. What is the necessity for that?

Mr. CLYDE. The young people, the young American today, does not like to take on the work of herding sheep. He does not like that isolation that separates him from his automobile, and from the pleasures which most young men look forward to. So they are not interested in going out on the range and staying for any length of time. Therefore it is very difficult to get young men who will go and stay with the sheep and do a good job. So that we have turned to the importation of these Basques, for better help or additional help.

Mr. DIXON. What did you pay them in 1940 and what do you have to pay them today?

Mr. CLYDE. I think offhand back in 1940 we were paying around \$125 a month plus board and keep. Today, well, it varies over the sections of the country, but where I live we are paying as high as \$225 plus their board and keep.

Mr. DIXON. I was very much taken up with your statement that this Wool Act is of direct assistance to the small farmer, something that we cannot say about some of our other programs.

Do you think that growing of sheep on small farms is increasing?

Mr. CLYDE. Very definitely. The States which I mentioned here, I think it was 26, definitely increased their sheep population. Most of those States were in the Midwest, East, and South where there are small farm flocks of sheep.

Mr. DIXON. So it is your belief that raising sheep on family farms is to be encouraged?

Mr. CLYDE. I think it is acting as a wonderful diversification for farms all over the United States. A small band of sheep as I pointed out can be run attractively at no expense and it isn't a big income, but it is a supplementary income to their other operations.

Mr. DIXON. The statement was made by Mr. McLain that we should encourage sheep raising because we do not produce enough for our domestic consumption.

Is there any danger of creating surpluses through the incentive payments?

Mr. CLYDE. Well, I would not worry about a surplus for some years to come. Production increases will not come rapidly due to the nature of our production. I am sure it is not going to grow into any immediate problem.

Mr. DIXON. What do our defense people say as to the minimum amount that we should produce domestically?

Mr. CLYDE. I don't know that I can answer that, Congressman Dixon.

Mr. DIXON. What was the aim of that act, through the incentive payments, to increase how far?

Mr. CLYDE. Up to 300 million pounds of shorn wool.

Mr. DIXON. How far have we gotten in production now?

Mr. CLYDE. Well, last year I think we produced 226 million. So we would be 74 million pounds away.

Mr. DIXON. We are a long way short of what we need.

Mr. HILL. In 1938 we produced 360 million. That is in 1938, and that is 20 years ago.

Mr. CLYDE. Yes, sir.

Mr. HILL. So we have a long ways to go. And the number of sheep given here in the information is that at one time we had in 1942 49,346,000 head of sheep. Now we have 26,370,000 so we can go quite a ways. And when you consider the increase in population, there is no time in the near future when we would be producing anywhere near as much wool as we consume. I don't think there is.

Mr. DIXON. I, certainly, appreciate your testimony, Mr. Clyde, and your coming here. We are proud of you. Now that our chairman is here, I would like to thank him personally for scheduling these hearings, so that the men from way out West could appear before the committee while they were here in Washington. We appreciate it.

Mr. MATTHEWS. Thank you, Mr. Dixon. And I would like to introduce to this group, although I do not think he needs any introduction, Mr. Harold Cooley, the chairman of the committee. We still have quite a few witnesses to go—we have had several already.

Mr. COOLEY. Thank you very much. I do not wish to ask any questions at this time.

Mr. MATTHEWS. Thank you very much, Mr. Clyde.

Mr. CLYDE. We would like to thank you for your courtesy in extending the hearing while we are here.

Mr. MATTHEWS. Our next witness is Mr. James H. Lemmon, from Lemmon, S. Dak., president of the National Wool Marketing Corp.

We are delighted to have you with us and you may proceed as you like.

But before Mr. Lemmon starts, I notice that we have Mr. Paul Etchepare, from Colorado, who has to catch a 2 o'clock plane today.

Mr. Lemmon, would you prefer that I let Mr. Etchepare speak first? Is your statement very lengthy?

Mr. LEMMON. I would be glad to let him go first if you do not mind.

Mr. MATTHEWS. If you do not mind, suppose we call on Mr. Etchepare, from the State of Colorado. Would you like to introduce him, Mr. Hill?

Mr. HILL. I would like to say that he is from the great State of Colorado. And he is the immediate past president of the National Lamb Feeders Association in my area in the South Platte Valley of Colorado where we feed thousands of head of lambs every year. We are doing very well this year and have for the last 2 or 3 years.

We are proud to have you here this morning, and I am sure that the committee will be enlightened by your statement.

**STATEMENT OF PAUL ETCHEPARE, REPRESENTING THE
NATIONAL LAMB FEEDERS ASSOCIATION, DENVER, COLO.**

Mr. ETCHEPARE. Thank you. I do want to thank you for the courtesy in asking us to appear before this committee. And I, also, want to thank you for this opportunity to present my statement at this time so that I can catch that 2 o'clock plane this afternoon.

Mr. Chairman, members of the committee, my name is Paul Etchepare. I come from Denver, Colo. I represent the National Lamb Feeders Association of which I am the immediate past president. This is a nonprofit organization made up of some 5,000 active lamb feeders. We have members in every lamb-feeding area in the United States.

I was raised on a Montana sheep ranch. I have managed both commercial and purebred sheep operations. Later, I served as secretary of the Montana Wool Growers Association and then worked for one of the larger meatpackers. For some years I have been an independent livestock operator and lamb feeder.

Our people are vitally interested in the measure before you. Prior to the passage of the 1954 Wool Act, the biggest problem of the lamb-feeding industry was instability of market. The act has provided a means by which a greater stability has already been created, and extension of the act holds out the hope to us that the future can bring an even greater stability.

Others have pointed out that the sheep industry is unique in the field of American agriculture. The feeding segment of this industry is somewhat unique in its own right.

Feeding is a separate industry, requiring a very special knowledge, feeding plant, and financing. It is the last link in the chain of production that provides the American housewife with lamb. From the time feeder lambs are purchased 100 to 180 days may elapse before they are ready to go to market. During this time the feeder must risk his feed, work, and money hoping that prices will be high enough when he sells to prevent a loss and make a profit.

A lamb is like a ripening peach—he approaches the final state of perfection quickly. He must then be sold to a processor and cannot be held longer if he is to command the best price. With an unstable or fluctuating market a lamb with a dollar profit in him on Monday may easily become a dollar and a half loser by Thursday. That's why we are interested in a stable market.

We see such price instability not because of oversupply, but because of a narrow market. During and after the war, outlets for our product dwindled to just a few channels of demand. Perhaps Federal price controls must take the blame for a good portion of this situation.

There is little to be gained through a review of past mistakes. The essential thing at the moment is that we profit through this experience;

identify and face our problems, and try to build a program that will accomplish the end that congressional, administration, and industry leaders seek—a healthy American sheep industry.

We firmly believe that this can best be accomplished through extension of the National Wool Act of 1954. At the recent convention of our association in Omaha, a resolution was passed unanimously urging that the act be extended. We are especially interested in section 708 (or the self-help provision) of the act because it has been and can continue to be a specific help for the lamb feeder.

We need a much broader market than we have now, and 708 is a means of achieving that market. The temporary seasonal gluts that we see on our narrow market can be erased by channeling some of our lambs to other outlets. Far too large a percent go to the high consumption areas of New York, New England, Philadelphia, and our large west coast cities. Successful diversion during these gluts will help us immeasurably.

These periods of heavier shipment are caused by climatic factors over which we have no control. Sheep producers must lamb their ewes when Mother Nature dictates. This means that many lambs will reach maturity within a short period, and we find it impossible to maintain an even flow to our slaughterers.

The two critical periods come in the fall when the bulk of the milk finished lambs hit the market and again in the late winter-early spring when we feeders sell most of our fed lambs.

Now that we have had opportunity to watch our own educational and advertising program in operation, we are even more convinced that the National Wool Act can cure these seasonal ills of ours and give us the stability the industry needs.

As the 708 program continues and expands, we expect to see an improved marketing of our product and a broadening of the channel through which lamb may be properly retailed. Proper retailing will inevitably result in better year-round demand and better price for lamb. This means that we, as feeders, can pay more for feeder lambs with much more confidence. In other words, 708 has already given us a firm foundation and, if continued, can provide material with which we can build a stable and profitable industry—an industry that is vital to the defense of our Nation.

Because of conditions of terrain, climate, and forage, lamb feeding is an integral part of the cycle of sheep production in the United States.

Roughly half of each year's lamb crop goes through a feed lot. Some of these feed-lot lambs do not go for slaughter, but are ewe lambs that are returned to farms and ranches as breeding stock. Thus the feeder serves as a reservoir from which replacement breeding ewes may be drawn.

It is possible to attribute some of the increase in sheep numbers in the Southern States such as Georgia, Alabama, and Mississippi to the increase in lamb feeding in those States. I doubt very much that these increases would have been possible without the help of the Wool Act.

Gentlemen, any new program put into effect has growing pains in its administration and setting up the rules. In our own industry, we have experienced some of these things, yet I want to assure you that our industry is in full accord in our overall approval of the act itself and its stabilizing effect on the industry.

Section 708 of the Wool Act, providing a method for industrywide participation in an educational and promotional campaign for the sheep industry, is providing us with the first workable method of bringing stabilization to our market.

Remember that a referendum was conducted to see whether or not the sheep producers and feeders wanted to spend some of their own money for a program of education to expand the market for their product. Approximately 72 percent of those who voted in the referendum wanted this program.

This was not a referendum comparable with those conducted to see if growers wanted acreage controls to go parallel with a Government payment program, but instead of referendum where growers voted as to whether or not they wanted to spend their own money.

Because section 708 is new and different and designed to go hand in hand with the incentive payment provisions on shorn wool for products in deficient supply in the United States, there have been some criticisms of the program.

These critics have not come from within the sheep producing industry and they have based arguments primarily on the use of terminology rather than any failure on the part of the program. They use such terms as "checkoff," and the need for "voluntary contributions," and the prevention of "duplication of effort." I am inclined personally, to brush these criticisms aside simply because they are not the thinking of the true sheep producer or lamb feeder. We find in this act an instrument whereby we can join other segments of our industry to stabilize our market to help ourselves to do a better job of distributing and marketing our products.

Beginning with the original programs of the Colorado-Nebraska Lamb Feeders Association to promote lamb over 40 years ago, our industry has tried every known method on a voluntary basis, but had never been able to devise a successful program until the Congress gave us this vehicle.

In our present program we have asked for ideas from every possible source to assure a well-coordinated program. We duplicate no other effort simply because much of the work being done under section 708 uses presently recognized organizations as a basis for expansion. I unhesitatingly challenge anyone to show that section 708 funds have been used in duplicating unnecessarily work being done elsewhere. We seek to augment—not to duplicate.

One of the things which we believe has helped make this work is that those who contribute their money to the program know that all ideas are reviewed and all accounts are audited by the Department of Agriculture. We are thus assured that the funds put up by the growers and feeders are used within the framework of the intent of the act as passed by the Congress. This alleviates any fear that these funds might be used for any other purpose than for the good of the industry as a whole.

I assure you, gentlemen, that the lamb feeders will always be ready to accept constructive suggestions which will improve this program and we will just as readily resist any effort to unfairly discredit it.

The Wool Act has already helped us, in spite of its short life. This is a piece of legislation of which you gentlemen may be justly proud. As feeders we thank you for it, and respectfully ask that you extend it.

Thank you.

Mr. MATTHEWS. Thank you very much, Mr. Etchepare for your fine statement. I wonder if there are any questions?

Mr. Chairman, do you have any questions that you would like to ask?

Mr. COOLEY. I want to clear up one thing. On these incentive payments, they amount to 24 percent, is that right?

Mr. ETCHEPARE. I believe that is about right.

Mr. COOLEY. In other words, for every thousand dollars you sell, the farmer receives \$240.

Mr. ETCHEPARE. About 40 percent last year, I believe.

Mr. COOLEY. Was it 40 percent last year?

Mr. ETCHEPARE. Yes.

Mr. COOLEY. The figures I have here——

Mr. MATTHEWS. Excuse me, this gentleman did not give that particular testimony. I don't know whether he is particularly familiar with that or not.

Mr. COOLEY. I was looking at Mr. McLain's statement, to the net proceeds, that it was 24 percent, and therefore the payment would be \$240. Last year, if I understand what you said it was 40 percent?

Mr. ETCHEPARE. That is right.

Mr. COOLEY. And this year under this program it will be \$240. Is the Department recommending a change in the payment?

Mr. ETCHEPARE. I do not believe so.

Mr. IMMASCHE. I may help, if I may. I think that you are looking at the example in one of our exhibits. This example shows that if the average price received for shorn wool by all growers in a marketing year turns out to be 50 cents, and the incentive level is 62 cents, then we have an average of 12 cents, or 24 percent of the 50 cents received in the free market, to make payments to bring the returns of 50 cents up to a 62-cent incentive level.

Mr. COOLEY. That is right. I am sure that is right. That is in exhibit F. What was the situation in 1956?

Mr. IMMASCHE. Last year, the average price received in the free market was 44.3 cents. It took payments at the rate of 40 percent to bring this national average up to an incentive level of 62 cents.

Mr. COOLEY. Whenever a farmer receives a thousand dollars for wool he receives \$400 in payments?

Mr. IMMASCHE. That is right for the 1956 marketing year. This year we think the price in the free market will average higher and the rate of payment will, of course, be correspondingly less.

That is for the 1957 marketing year we are in now.

Mr. COOLEY. Do you happen to know what the payments were in 1956?

Mr. IMMASCHE. The payments for the 1956 marketing year are expected to total around \$53 million.

Mr. COOLEY. Thank you.

Mr. MATTHEWS. Are there any questions, Mr. Hill?

Mr. HILL. No questions.

Mr. MATTHEWS. Mr. Dixon?

Mr. DIXON. No questions.

Mr. MATTHEWS. Thank you very much.

Now Mr. Lemmon, we will come back to you. We want to thank you for yielding to your partner, Mr. Etchepare.

**STATEMENT OF JAMES H. LEMMON, PRESIDENT OF NATIONAL
WOOL MARKETING CORP., LEMMON, S. DAK.**

Mr. LEMMON. I think that in the interest of time saving, that I will just read a portion of my statement and refer to it. I think I can save considerable time.

Mr. MATTHEWS. That will be very helpful because we would like to give everyone that we possibly can a chance to appear here.

Mr. LEMMON. Mr. Chairman, gentlemen of the committee, my name is James H. Lemmon and I live in Lemmon, S. Dak. I am president of the National Wool Marketing Corp. We are a national organization owned and operated by State and regional grower marketing organizations. Our board of directors at the national level is made up of one grower representative from each of our member associations. In the aggregate, there are 85,000 members who pool their wool at local and regional level and market through the national organization.

I believe that three of the gentlemen on your committee are from our respective States where we have members in Utah, Colorado, and Wisconsin. I observed that during the course of the morning.

Now, I want to say that we are giving our full and unqualified support to the statements made by Mr. Clyde, the president of the National Wool Growers Association. And that we have been working very closely with him and his organization in the effort to bring about the extension of this 1954 Wool Act.

I believe I could best serve the purpose of this hearing if I were to address myself primarily to the position of the smaller producer in terms of woolgrowers who use sheep as a part of an overall farm production program. Where it provides diversification and in many instances, a small source of cash family income twice a year, once when the grower sells his wool and the second time when he sells his lambs.

I am sure that most Members of Congress will remember that section 708, permitting the industry to advertise and promote its products, was made a part of the original Wool Act primarily because the problems facing the wool-producing industry are somewhat different from those of other commodity products. United States production is in deficient supply and thus Congress decided to treat wool on a separate basis, insofar as Government policy is concerned.

I would like to stress in that regard the problems we have found ourselves in. We do not just believe—we know we have a superior product in both wool and lamb. However, because of the fact that they are deficiency commodities, and we do not produce enough of them, we have neglected putting on promotion programs pointing out their superiority. As a result, our markets have narrowed. It is simply a case of resting on our laurels, thinking because we were underproducing it was not necessary for us to get out and tell the facts about, what we call, our superior product and we were gradually losing at the market place.

Very frankly, gentlemen, section 708 and the resulting grower promotion program is actually more important to our smaller producer members than the incentive payment feature. Notice that I said the smaller members. To a grower of 20 ewes on a tobacco farm in Kentucky or a grain farm in Indiana, the incentive payment for 1957

is hardly likely to be bigger than \$18. But that same grower is willing to put up \$2 of that money to promote his products to try to stabilize his prices in the free market place.

We feel that in doing this the American woolgrowers have shown this Government their sincerity in attempting to build a sound sheep economy and live as little as possible under a Government price support umbrella.

That is why we like to call this our self-help program. I want to say to you that it is my experience that these growers, who have small flocks, throughout these States are very wholeheartedly back of the self-help program.

Now if in your consideration of the need for extending the provisions of the National Wool Act, I hope you will take into consideration the fact that small farm flocks of sheep do play a very definite role in balancing farm operations.

On farms with small flocks of sheep, these animals do provide an additional source of revenue. It is very evident to all of us that if we can retain this 1954 Wool Act and the incentive payment that the greatest increase in production of sheep will take place in the small flock areas of the Middle West, East, and South.

We believe that most of the increased production which will be brought about by the National Wool Act will come in family sized farms rather than in range areas where other limiting factors might prevail.

I should like to conclude with this statement. I do not believe that I have ever seen such unanimous support for any program or law adopted by Congress as there is among sheep growers for this act. This has been true in every meeting I have attended and in all parts of the United States. It is true in range areas, and it is true in the areas where the smallest of the farm flock production predominates. We sincerely urge your approval of Senate bill 2861 and your cooperation in obtaining early enactment to provide us with a continuing stability in our economy.

I want to say that I highly appreciate the kindness of you gentlemen in holding this special session to give us an opportunity to testify while we were here. I thank you.

Mr. MATTHEWS. Thank you so much. And the committee, particularly, appreciates your consideration, and if you will like, we will have your complete statement put in the record, the statement that you had prepared, so all of the committee can have it.

Mr. LEMMON. I would appreciate that.

Mr. MATTHEWS. Without objection we will include the complete statement in the record.

(The statement referred to is as follows:)

STATEMENT OF JAMES H. LEMMON OF LEMMON, S. DAK., PRESIDENT OF NATIONAL WOOL MARKETING CORP.

Mr. Chairman, gentlemen of the committee, my name is James H. Lemmon, and I live in Lemmon, S. Dak. I am president of the National Wool Marketing Corp. We are a national organization owned and operated by State and regional grower marketing organizations. Our board of directors at the national level is made up of one grower representative from each of our member associations. In the aggregate, there are 85,000 members who pool their wool at local and regional level and market through the national organization.

I emphasize this so that you might understand that in supporting the position of the National Wool Growers Association as the representatives of the industry, I

shall attempt to not duplicate what Mr. Clyde has said to you, but bring you an additional viewpoint. I want you to know that we do endorse in its entirety the position taken by the National Wool Growers in support of the renewal of the Wool Act. While the membership of our organization parallels that of the National Wool Growers Association to some small degree, one of the purposes served by our organization is to provide a medium whereby the smaller growers of the United States might pool their wool and through grading and other handling practices market it to the best advantage of the producer. I have been president of this organization for 17 years and mention that personal reference only for you to understand that I have been in a position to follow developments in the market place of the American woolgrower throughout the period from before World War II up until today.

I think this committee can readily understand the position of a woolgrower whose operation is large enough that it is his major source or nearly so of total income. I believe I could best serve the purpose of this hearing if I were to address myself primarily to the position of the smaller producer in terms of wool growers who use sheep as a part of an overall farm production program, where it provides diversification and, in many instances, a small source of cash family income twice a year. Once when the grower sells his wool and the second time when he sells his lambs.

I am sure most Members of Congress will remember that section 708, permitting the industry to advertise and promote its products, was made a part of the original Wool Act primarily because the problems facing the wool producing industry are somewhat different from other commodity problems. United States production is in deficient supply and thus Congress decided to treat wool on a separate basis, insofar as Government policy is concerned.

I would like to stress in that regard the problems we have found ourselves in. We don't just believe—we know we have a superior product in both wool and lamb. However, because of the fact that they are deficiency commodities and we don't produce enough of them we have neglected putting on promotion programs pointing out their superiority. As a result, our markets have narrowed.

Take lamb for instance. We do not produce enough to satisfy the demands of the United States over a period of 12 months with a result that a new generation of housewives since World War II hardly consider it a part of their diet or household budget. That in turn resulted in our production going into a very narrow marketing field in places like Boston, New York, Washington, San Francisco, and Los Angeles. Then when the lambs did go to market in such a narrow purchasing area, we found ourselves facing an oversupply in these small market areas. It has taken promotion to begin to widen that market sufficiently to prevent the position of a surplus actually created by a short supply.

On January 21, 1958, the Agricultural Marketing Service, issued a report on the findings of a survey on lamb availability in the markets. That survey showed that in 1955 only 39 percent of the retail stores handling fresh, red meats sold any lamb, either seasonally or on a year-round basis. I hope the Department of Agriculture has or will make available to this committee copies of that survey for it certainly points up the problem I have just mentioned.

Producing less than one-third of the wool used in the United States, we sat idly by while synthetics moved in with mass promotion programs. Already hard hit by imports of wool from low production cost countries, we saw the demand for our production lessen and we did nothing to tell the American consumer the superior qualities of wool.

If this Congress does recognize again this year, as they did in 1954, that as a deficient commodity wool needs to be treated according to the needs of the industry to sustain its economy, then I think this Congress should welcome the proof from the industry that they are willing to use their own money to help themselves by promoting the products. Wool and lamb have been used by the human race forever. Wool and lamb will sell, but until the Wool Act of 1954 was enacted permitting the growers to set up their own promotion program, the industry did not have a way in which they could join together to help themselves produce more income in the market place.

Very frankly, gentlemen, section 708 and the resulting grower promotion program is actually more important to our smaller producer members than the incentive-payment feature. To a grower of 20 ewes on a tobacco farm in Kentucky or a grain farmer in Indiana, the incentive payment for 1957 was hardly likely to be bigger than \$18. But, that same grower is willing to put up \$2 of that money to promote his products to try to stabilize his prices in the free market place. We feel that in doing this, the American woolgrowers have shown this Govern-

ment their sincerity in attempting to build a sound sheep economy and live as little as possible under a Government price-support umbrella.

To somewhat illustrate my point, figures were available to us from four of our member associations in Virginia, Ohio, Minnesota, and Utah to show the average size of the clip, the average size of the incentive payment and the average size of the grower contribution to the promotion program.

We do not want to create the impression that this is necessarily the average of the industry as a whole in each State. This merely represents the averages on the wool which has been marketed cooperatively in that State through our member organizations, except in the case of Minnesota where the averages are for the State as a whole.

In Utah 962 growers marketing through the association, marketed an average of 3,481 pounds of wool, meaning roughly the average size flock was 350 head. The average payment to these growers was \$598. These figures are for the 1956 marketing year. This meant the average payment to the promotion fund was \$34.81.

In Virginia 5,431 growers marketing through our association had an average clip weight of 179 pounds. The average incentive payment per grower was \$36. The average payment to the promotion fund was \$1.79.

In Ohio, 8,842 growers marketing through our member association had an average clip weight of 338 pounds. The average incentive payment received by the growers was \$65. The average grower contribution to the promotion fund was \$3.38.

In Minnesota slightly more than 19,000 producers had an average clip weight of 300 pounds with an average incentive payment of \$63. The average payment to the promotion fund was approximately \$3.

We do have superior products in the field of fiber and in the field of food in our modern advertising economy. We do appreciate the opportunity Congress has given us to tell the story of our production to the American public and we hope that the Congress will again realize that we will never be in a position to crowd other products off the market. Our situation is that we produce so little a portion of the country's needs we must promote our products to stay in business.

We have slept comfortably with the idea that a large proportion of our wool was imported and, therefore, we did not need to create a market. The packers and retailers of meat figured the quantity or supply was so small that it was not necessary to push lamb. Through the facilities provided in section 708, the growers have formed the American Sheep Producers Council. Through this organization we have a real job to be done. We can and will do it with the permission of Congress to continue this act.

In your consideration of the need for extending the provisions of the National Wool Act, I hope you will take into consideration the fact that small farm flocks of sheep do play a very definite role in balancing farm operations.

This is an important farm commodity on many family commercial-type farms. Since the operation of the Wool Act has started it is playing a greater role on smaller farms.

This committee and Congress has been interested in a rural development program so we asked the Department of Agriculture to provide us with an example of how sheep are being used for this purpose. They sent us this brief case history:

"LAMB AND SHEEP PROJECT IN LEWIS COUNTY, W. VA., AREA RURAL DEVELOPMENT PROGRAM (THIS ALSO INCLUDES GILMER, UPSHUR, AND BRAXTON COUNTIES)

"One of the first projects in rural development in this area was expanded sheep raising on small, hilly farms. During the first year of the program 10 farmers bought 140 western ewes as a demonstration. They paid \$17 apiece for the ewes, and then sold \$21 worth of lambs and wool. This project was rapidly expanded and about 50 farmers have now purchased a total of 1,170 ewes. Many of these farmers had never raised sheep before."

On these very small farms where they raise milk cows, it ties the operator to the farm on a basis where he must attend to his milking, lessening his opportunity to get outside employment. If he were to raise sheep on his available feed, he has much more freedom to seek a job for additional income.

We believe that most of the increased production which will be brought about by the National Wool Act will come in family-sized farms rather than in the range areas where other limiting factors might prevail. And, incidentally, if this Congress sees fit to continue the incentive program for wool production up to the goal set in the present act at 300 million pounds, it will require approximately a one-third increase.

Even though we recognize it will be a slow process in this livestock industry to increase one-third in our production it will, in our opinion, have another beneficial benefit. This increased production will automatically reduce the production of surplus commodities. Acreage will be used for sheep production if the economy is stabilized under the act and if it is not so stabilized that acreage will be used to produce surplus commodities.

We join with the National Wool Growers in expressing the sincere hope that this committee will consider the necessity for making available sufficient funds, in case of need, to make the act fully operative as an incentive program. Plus that it will prevent the creation of uncertainty in the industry whenever calculations indicate there even might be insufficient funds to carry out any given year's program during some portion of the life of the act.

To a small farmer who must invest in sheep the expiration date of the act itself is an important factor. Maybe he could see his way clear to make such an investment during the first year of a 4 year act, but that would hardly be true in the fourth year if Congress has not set the policy for the future. We have found that a factor this year under the present act with its 4-year limit. On behalf of the small farmers we would like to ask you to consider whether or not this could be changed so that there could be confidence in the intent of Congress to stabilize the economy of the sheep industry.

I should like to conclude with this statement. I do not believe I have ever seen such unanimous support for any program or law adopted by Congress as there is among sheepgrowers for this act. This has been true in every meeting I have attended and in all parts of the United States. It is true in the range areas and it is true in the areas where the smallest of farm flock production predominates. We sincerely urge your approval of S. 2861 and your cooperation in obtaining early enactment to provide us with a continuing stability in our economy.

Thank you.

Mr. MATTHEWS. Are there any questions that the committee would like to ask?

Mr. DIXON. I would like to say that the emphasis upon the assistance to the small farmer is very helpful. I compliment you on the emphasis you have given to that.

Mr. HILL. I think you probably have this statement before you, which I have before me. In the middle of the statement, New York, New Jersey, Pennsylvania, from 1954, there were 2,000 more farms in those areas that reported sheep herds, small herds in 4 years, that is from 1950 to 1954?

Mr. LEMMON. There is an increase in the farm population; we can see it. While I live in the West, our interests are very widely scattered over the United States, and I can see a very definite trend to increase production in those States.

Mr. MATTHEWS. Thank you very much, Mr. Lemmon.

Mr. LEMMON. Thank you.

Mr. MATTHEWS. Our next witness comes from the State of Colorado. I will ask Congressman Hill to introduce him.

Mr. HILL. I will make it short, because our time is running out.

I would like to state that the next gentleman is from Denver, Colo. That is not really a true statement. He is from the western part. He is a sheep farmer, Mr. Norman Winder, but no sheep farmer ever called him "G. Norman." They always say "Norman."

How are you this morning? I am glad to have you here.

STATEMENT OF G. NORMAN WINDER, PRESIDENT, AMERICAN SHEEP PRODUCERS COUNCIL

Mr. WINDER. At the request of Congressman Hill I am here as president of the American Sheep Producers Council to give to the committee a report as to the activities and functions of the American Sheep Producers Council.

I have a considerable report here, Mr. Chairman. I would like to ask that the complete report be written into the record, but I would like to have the privilege of pointing out and emphasizing a few points in that statement.

Mr. MATTHEWS. We will be delighted to do that, sir. And without objection your complete statement will be inserted in the record.

Mr. WINDER. Yes, sir, thank you. Before I get into the statement I would like to say this, that the American Sheep Producers Council is a completely controlled and financed sheep growers' organization. It has one purpose and one purpose only. That is, to promote and advertise the products of the sheep.

You will note that there is a booklet accompanying this statement entitled "The Self-Help Program of the American Sheep Producers Council—the Key to Success."

This booklet is a detailed report to Congress, the Department of Agriculture and to the sheep growers of the activities and financial condition of the American Sheep Producers Council. A copy of this booklet has been mailed to every Congressman.

As you probably know the American Sheep Producers Council was formed in accordance with the provisions of section 708 of the Wool Act of 1954, and in my written testimony there is quoted a part of section 708, that portion providing for the formation of such an organization.

In this era of intensive advertising and promotion, it becomes increasingly necessary that agriculture merchandise its products through the modern business methods. In this day of heavy competition among all facets and business and industry the businessmen of agriculture cannot any longer rely on the consumers basic need for food and clothing. He must, on the other hand, promote his products and make the consumer aware of the superiority of his products.

I might say here, Mr. Chairman, that for years and years we have attempted to work out strictly voluntary methods of collecting funds for advertising. I myself have been interested in it since 1936 and have made all kinds of efforts to collect funds and none of them have been successful. And so we are very happy that the Wool Act of 1954 provided the means for the sheep industry to set up a self-help program.

I will try to make this as short as possible.

On March 17, 1955, an agreement was entered into between the Secretary of Agriculture and the American Sheep Producers Council in accordance with section 708. And then in the report we present a complete copy of the agreement between the Secretary of Agriculture and the American Sheep Producers Council.

This agreement was the subject of a national referendum conducted among sheep growers during the summer of 1955 by the United States Department of Agriculture.

The referendum was completed with the results showing that 71.3 percent of producers and owners of 72 percent of the sheep represented by those voting in the referendum favored the establishment of the American Sheep Producers Council. This referendum provided the Secretary of Agriculture with positive proof that the majority of sheep producers favored such a promotion and advertising program.

The American Sheep Producers Council was formally activated on September 12, 1955, in accordance with the agreement executed on March 17, 1955.

At the present time, representation is determined on the basis of 1 delegate from a State or area sheep council for every \$25,000 or major fraction thereof, paid into the promotion and advertising fund. One director is allowed for every \$1,000 or major part thereof paid into the fund. And I might say here, Mr. Chairman, that the board of directors are the governing body in the American Sheep Producers Council. Every delegate and every director must be a sheep producer in his own right.

Because the sheep is a dual-product animal, the board of directors were faced with two distinct products to promote with entirely different problems. With respect to wool, there were already several established agencies working in the field of wool promotion and advertising, so in order to make a well coordinated program and to avoid duplication, we decided to work in conjunction with these agencies and to thus supplement the work that they were doing. In addition, joint advertising was worked out with several individual woolen mills. When it came to lamb we found an entirely different situation. There were no existing agencies set up to advertise and promote lamb except the National Livestock & Meat Board and they are concerned with all types of meat and could devote only that portion of their time and effort to lamb that lamb represents in the overall meat picture.

Further, the policy of the National Livestock & Meat Board prevents them from using any paid advertising.

I am quite familiar with the activities of the National Livestock & Meat Board, having served for 13 years on the board and was privileged to serve 3 years as chairman.

The sheep producers support the National Livestock & Meat Board today as they always have in the past.

Let me say here that all of our programs have been well coordinated with the meat board and their staff and facilities have been made available wherever and whenever they could be of assistance to us.

After careful investigation and study, we found three basic problems confronting us. One was the extremely distorted pattern of distribution and consumption of lamb. It was found that 70 percent of the lamb was consumed in 8 States that comprise only 30 percent of the population. These States were New York, the New England States, and California, which with the exception of California, are the areas where lamb is not raised in abundance.

Another problem was the amazing lack of knowledge of lamb on the part of consumers and meat retailers. Another was the unfounded prejudices regarding lamb in the minds of many people.

After careful consideration it was decided that in order to overcome these problems we would conduct an educational type advertising promotion campaign in a selected group of metropolitan areas.

The statement gives the complete outline of the way that the advertising and promotion is carried on.

All segments of the livestock and meat industry have testified to the outstanding success of the lamb promotion program to date, and we print below a few samples which strongly indicate the success of this program. Those letters are from meatpackers, meat retailers, and other people interested in other segments of the industry.

I will not bore you with the reading of those testimonial letters contained in the paper.

Lamb prices show greater stability. One of the most serious problems confronting sheep producers in the past has been the severe price breaks encountered during the market year. Promotion and advertising has helped to stabilize lamb prices and level out, to a great extent, the ups and downs that often prove so drastic to sheep growers.

By intensifying its advertising and promotion effort during periods of peak supply, the American Sheep Producers Council has tended to eliminate drastic price breaks for the producer.

The task originally assigned to the American Sheep Producers Council presented numerous problems, many of which already have been overcome. Only time and the continued diligent attention to the task at hand will solve the sheep industry's problems. The American Sheep Producers Council believes that it is on the right path toward helping to establish a strong and self-reliant sheep industry in the United States.

It is understood that when the Wool Act is renewed, another referendum will be conducted to determine if growers favor the continuation of advertising and promotion program and desire to expend their own funds for creating a demand for their products.

Only by building a sound demand for its products can the sheep industry carry out the intent of the Wool Act as set forth by Congress.

On the bottom of page 23 is the budget for the fiscal year July 1, 1957, through June 30, 1958, showing the major items included in the budget and the percentage each category is of the total.

You will note that the wool promotion and lamb promotion funds allocated represent a trifle over 91 percent of the total budget. And if you take into consideration the other education and information part of the budget, those 3 items represent practically 95 percent of the entire budget.

On page 24 is a statement of assets and liabilities and the fund balance.

On page 25 is a complete report of the receipts and disbursements from the beginning on September 12, 1955, through December 31, 1957, and I want to draw your attention to the percentages in that particular statement with respect to the money actually going into the advertising and promotion activities. In fact, Mr. Chairman, as president of the American Sheep Producers Council, I am quite proud of the small amount of our total expenditures that has gone into administrative and other items in our budget, in our expenditures.

I will be most happy, Mr. Chairman, if there are any questions, to try to answer them.

Mr. MATTHEWS. I want to thank you for giving us this very informative and clear report. I want to assure you that I, and I know other members of this committee, will want to refer to this information from time to time because I think it will be helpful as we consider other self-promotion plans for other areas in the general livestock grouping. I appreciate the information that you have given us tremendously, and I want to thank you for it.

(The complete paper referred to is as follows:)

STATEMENT OF G. NORMAN WINDER, PRESIDENT, AMERICAN SHEEP PRODUCERS COUNCIL

Mr. Chairman and members of the committee, as president of the American Sheep Producers Council, I am happy to have the opportunity to appear before you to give a detailed report regarding the functions and activities of the ASPC from September 12, 1955, through December 31, 1957.

You will note that there is a booklet accompanying this statement entitled "The Self-Help Program of the American Sheep Producers Council—The Key to Success." This booklet is a detailed report to Congress, the Department of Agriculture and to the sheep growers of the activities and financial condition of the ASPC. A copy of this booklet has been mailed to each Congressman.

As you probably know, the American Sheep Producers Council was formed in accordance with the provisions of section 708 of the Wool Act of 1954. I am quoting here that portion of section 708 providing for the formation of such an organization.

"Sec. 708. The Secretary of Agriculture is authorized to enter into agreements with, or to approve agreements entered into between, marketing cooperatives, trade associations, or others engaged or whose members are engaged in the handling of wool, mohair, sheep, or goats or the products thereof for the purpose of developing and conducting on a National, State, or regional basis advertising and sales promotion programs for wool, mohair, sheep, or goats, or the products thereof. Provision may be made in such agreement to obtain the funds necessary to defray the expenses incurred thereunder through pro rata deductions from the payments made under section 704 of this title to producers within the production area he determines will be benefited by the agreement and for the assignment and transfer of the amounts so deducted to the person or agency designated in the agreement to receive such amounts for expenditure in accordance with the terms and conditions of the agreement."

DUAL USE OF TARIFFS

Rather than disrupt friendly relations with other countries by increasing tariff rates, the Congress decided to make dual use of present tariff duties. These duties are made available in the form of incentive payments to domestic wool-growers. These payments help to compensate wool producers for the difference in the cost of production here and abroad; they also encourage increased production and better marketing of wool. In addition, deductions from these incentive payments by sheepmen to help to carry out the very intent of the act by permitting him to spend his own money for the express purpose of conducting a program of advertising and education in order to provide ample outlets for this anticipated increase in production.

In this era of intensive advertising and promotion, it becomes increasingly necessary that agriculture merchandise its products through the modern business methods. In this day of heavy competition among all facets of business and industry, the "businessmen of agriculture" can no longer rely on the consumers' basic need for food and clothing. He must, on the other hand, promote his products and make the consumer aware of the superiority of his products.

OTHER PROGRAMS FAILED

For many years, the sheep industry has realized the necessity of promoting its products, lamb and wool. In 1917, special efforts were made by sheepmen to conduct an educational program for the consumer, but insufficient funds doomed this project. Again in the early 1930's and in 1940, promotion programs were initiated, but died a sudden death for lack of funds. The extreme expense and difficulty of collecting adequate voluntary contributions for promotion and advertising caused these programs to fail.

The program of publicity, research, and information conducted by the National Livestock & Meat Board has been and is beneficial to the sheep industry as are programs of promotion and education sponsored by various sheepgrower organizations. Yet, these programs have proved inadequate as far as the sheep industry is concerned for the simple reason that sheep are dual purpose animals producing two prime agricultural commodities requiring an entirely different promotion approach than other types of livestock.

However, from these efforts grew plans for a promotion and advertising program which were incorporated in section 708 of the National Wool Act providing a method whereby sheepmen could contribute funds for a promotion and advertising program of their own.

While incentive payments from funds derived from import duties on foreign wool are vitally necessary at present, the sheep industry also has taken upon itself the duty and responsibility of helping itself through a program of promotion and advertising in order to encourage increased production. In establishing this self-help program, the sheepman has acknowledged his sincere intent and purpose to provide a sound foundation for the future.

Through the efforts of many woolgrower associations and other farm and livestock groups, a promotion organization was developed and organized in close cooperation with the United States Department of Agriculture.

Soon after the Wool Act was passed, the National Wool Growers Association took the lead in organizing the American Sheep Producers Council by inviting all the national farm organizations and national and regional sheep associations to participate. Two organizational meetings were held in 1955 at which NWGA, the National Farmers Union, the Grange, National Livestock Producers Association, the American Farm Bureau Federation, National Wool Marketing Corp., the National Lamb Feeders Association, the Pacific Wool Growers, and the Ohio Sheep Improvement Association participated. This group with the exception of the American Farm Bureau Federation became the member organizations making up the American Sheep Producers Council.

On March 17, 1955, an agreement was entered into between the Secretary of Agriculture and the American Sheep Producers Council in accordance with section 708. Following is the agreement between the Secretary of Agriculture and the American Sheep Producers Council:

"Agreement made as of the 17th day of March 1955, between the United States Secretary of Agriculture, Department of Agriculture, Washington 25, D. C. (hereinafter referred to as Secretary) and the American Sheep Producers Council, Inc. (hereinafter referred to as Council), a nonprofit, membership corporation organized under the laws of the State of Illinois

"Whereas the Secretary, pursuant to the National Wool Act of 1954 (Title VII of the Agricultural Act of 1954, 68 Stat. 897), hereinafter referred to as the "Act" has announced a price support program for wool marketed during the year April 1, 1955, to March 31, 1956, by means of payments to be made by the Commodity Credit Corporation to the producers of such wool as soon as practicable after the close of such marketing year; and

"Whereas it is anticipated that similar programs will be instituted for subsequent marketing years under the Act; and

"Whereas section 708 of the Act authorizes the Secretary to enter into agreements with marketing cooperatives, trade associations or other organizations engaged or whose members are engaged in the handling of wool, sheep, and the products thereof for the purpose of developing and conducting on a National, State, or a regional basis advertising and sales promotion program for wool, sheep, and the products thereof; and

"Whereas it is desirable that there be instituted an advertising and sales promotion program or programs beneficial on a national basis, for wool, sheep, and products thereof to be financed by pro rata deductions from such price support payment to wool producers; and

"Whereas the Council is qualified to conduct such a program, being so organized, having the necessary powers under its charter and bylaws, having for its members marketing cooperatives and other associations who are engaged in or whose members are engaged in handling wool, sheep, and products thereof, and who are represented at meetings of the Council's membership by wool and sheep producers selected on a basis affording nationwide representation, and having a board of directors who also are producers of wool and sheep selected to afford nationwide representation;

"Now, therefore, the parties hereto agree as follows:

"1. This agreement shall become effective only upon determination by the Secretary that this agreement has approval of the producers as provided in section 708 of the Act. The Secretary will notify the Council in writing as to whether the producers have approved this agreement and as of what day the agreement shall become effective, such effective date to be not later than the 20th day after the date of the notification.

"2. The Council shall, from time to time, develop and submit to the Secretary for approval advertising and sales promotion programs and supporting budgets for wool and lambs and the products thereof and such amendments thereto as may be needed. Each such submission shall describe, among other things, the plan

of operation and the benefits to be derived on a national basis by producers, commodities to be promoted, the proposed media and methods which the Council intends to use in advertising and otherwise promoting (including related educational and developmental activities) the sale of wool and lambs and the products thereof. After such program and budget have been approved by the Secretary, and in accordance therewith, the Council will enter into such agreements with advertising and promotional agencies, radio and television stations and others, will employ such personnel and will take such other action as the Council deems appropriate or necessary to effectuate such program.

"3. When price support payments are made to producers pursuant to the Act, the Secretary will make a pro rata deduction from such payments and pay the amount so deducted to the Council in order to provide the funds necessary to defray the expenses of the Council incurred pursuant to this agreement: *Provided, however,* That deductions will only be made from payments, if any, which are made to producers for marketings during the marketing years beginning April 1, 1955, and ending March 31, 1959. The deductions from payments for marketings during the marketing year April 1, 1955-March 31, 1956, shall be at the rate of one cent per pound of shorn wool marketed, and shall be made at a comparable rate as determined by the Secretary on lambs and yearlings (pulled wool) marketed; thereafter the deductions shall be at such rates as the Secretary and Council may agree upon, but in no event shall be in excess of a rate of one percent per pound in the case of shorn wool marketed and a comparable rate in the case of lambs and yearlings marketed, as determined by the Secretary.

"4. The charter and bylaws of the Council having been approved by the Secretary, any amendments or additions to the charter or bylaws shall be subject to his approval.

"5. The Council shall submit annually for the approval of the Secretary proposed budgets for the administration of the advertising and sales promotion programs, and, from time to time, any amendments thereto that it may determine to be necessary.

"6. The Council shall furnish the Secretary with a report of its activities semi-annually beginning with the period in which the Council either receives any funds from the Secretary under this agreement or undertakes obligations as part of its advertising and sales promotion program, whichever event is the earlier. Such reports shall be furnished within 15 days following the close of each such period. On or before September 15, 1956, and each September 15 thereafter during the life of this agreement, the Council shall furnish a statement of assets and liabilities to the Secretary as of the preceding June 30. The Council shall also furnish the Secretary with such other reports and with such information as he may from time to time request. The Council shall keep accurate records of all its transactions, and these records shall be subject to inspection and audit by representatives of the Secretary at all times during regular business hours after the date of this agreement and for three years after the Council has completed performance of all contracts made and obligations incurred.

"7. This agreement shall terminate June 30, 1962, unless extended by agreement of the parties hereto. Prior to such date, either party may terminate this agreement by delivering, or mailing by registered mail, a written notice of such termination effective on the date to be specified therein, but not earlier than 30 days after giving of such notice. If the Secretary, on or after April 1, 1956, upon petition or referendum of the wool producers, or otherwise, determines that this agreement is no longer favored by the requisite number of producers, he shall so declare and no deductions from payments to producers shall thereafter be made to defray expenses of the Council, under this agreement, except deductions from such payments as are being made in connection with marketings of a prior marketing year.

"8. Upon termination of this agreement, if all the funds of the Council were derived from the payments pursuant to this agreement, all such funds remaining unobligated in the hands of the Council shall be returned to the Secretary of Agriculture, together with a statement explaining the various items which entered into the amount returned to the Secretary; if the Council received funds for advertising and promotion purposes, and general administrative purposes from other sources than the Secretary acting pursuant to this agreement, the Council shall return to the Secretary the same proportion of the unobligated funds as the funds contributed by the Secretary bore to all funds received by the Council for these advertising and sales promotion programs and general administrative purposes. A statement of the assets and liabilities of the Council shall be furnished to the Secretary within 60 days after such termination becomes effective. The

provision with respect to the return of unobligated funds shall also apply in case of dissolution or liquidation of the affairs of the Council.

"9. The authority reserved to the Secretary under the provisions of this agreement may be exercised by an official or officials of the Department of Agriculture designated by him for such purpose.

"March 17, 1955.

"E. T. BENSON,
"Secretary of Agriculture.

"March 21, 1955.

"AMERICAN SHEEP PRODUCERS COUNCIL, INC.,
By: G. N. WINDER, *President.*"

This agreement was the subject of a national referendum conducted among sheepgrowers during the summer of 1955 by the United States Department of Agriculture.

SHEEP PRODUCERS VOTE FOR PROMOTION

The referendum was completed with results showing that 71.3 percent of producers and owners of 72 percent of the sheep represented by those voting in the referendum favored the establishment of the American Sheep Producers Council. This referendum provided the Secretary of Agriculture with positive proof that the majority of sheep producers in the United States favored such a promotion and advertising program.

Sheep producers in the United States not only give their own money for a program of promotion and education on lamb and wool, but they have devoted their own time, money and effort in organizing representative State and area sheep councils throughout the country.

Membership in the American Sheep Producers Council consists of organizations, such as cooperative marketing associations, trade associations, producer groups, and the like, whose members engage in the production, marketing or handling of lamb or wool and represent all types and areas of sheep production in the United States.

The American Sheep Producers Council was formally activated on September 12, 1955, in accordance with the agreement executed on March 17, 1955.

The original membership continued to make up the ASPC until March 1957 at which time, in order to provide a broader and more democratic representation, the bylaws were changed to provide for two classes of membership. Class I members consist of 20 State or area sheep councils which are formed by sheep and wool groups or organizations within a State or group of States.

Representation is determined on the basis of one delegate from a State or area sheep council for every \$25,000 or major fraction thereof, paid into the promotion and advertising fund. One director is allowed for every \$100,000 or major part thereof paid into the fund. Each council is represented by delegates on the above basis and at least one director. In order to meet this provision, it was necessary in some areas to combine two or more States into one council but every State and every area and type of sheep production now has representation on the ASPC.

Class I member sheep councils are: Eastern Seaboard Sheep Council including: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Delaware, Pennsylvania, Maryland, West Virginia and Virginia; Southern States Sheep Council including: North and South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Tennessee and Kentucky; Ohio Sheep Council; Michigan-Wisconsin Sheep Council; Indiana-Illinois Sheep Council; North Dakota-Minnesota Sheep Council; Iowa Sheep Council; South Dakota Sheep Council; Nebraska-Kansas Sheep Council; Missouri-Oklahoma-Arkansas Sheep Council; Texas Sheep Council; New Mexico Sheep Council; Colorado Sheep Council; Wyoming Sheep Council; Montana Sheep Council; Utah Sheep Council; Idaho Sheep Council; Oregon-Washington Sheep Council; California Sheep Council; and Arizona-Nevada Sheep Council.

NATIONAL AND REGIONAL MEMBERSHIP

Class II members serve the sheep industry on an extensive national or regional basis. Present class II members include: the National Wool Growers Association, the National Wool Marketing Corp., the National Grange, the National Farmers Union, the National Livestock Producers Association, the National Lamb Feeders Association, and the Pacific Wool Growers. All major farm organizations that serve the sheep industry have full opportunity to participate in membership at any time.

Each class II member is represented by delegates and not more than one director. All State or area sheep councils were formed at the local level by sheepmen within that State, or area. Delegates to represent the various councils, as well as the class II member organizations, must be engaged in production of wool and lamb, and are selected by their fellow sheepmen making up that council or organization. Delegates representing class I and class II members elect the directors from their own group.

Directors of the council annually elect officers, including a chairman of the board, a president, vice-president, treasurer, assistant treasurer and executive secretary. The executive secretary is responsible for the active administration of the council's headquarters office and supervisor of its staff and personnel.

Because the sheep is a dual product animal, the board of directors were faced with two distinct products to promote with entirely different problems. With respect to wool, there were already several established agencies working in the field of wool promotion and advertising so in order to make a well coordinated program and to avoid duplication, we decided to work in conjunction with these agencies and to thus supplement the work that they were doing. In addition, joint advertising was worked out with several individual woolen mills.

Brilliant full-color advertisements are used to stimulate interest in wool as a quality product and to educate the consumer as to the advantages of wool. The largest wool advertising and promotion program in history is currently being conducted by the sheep industry through the American Sheep Producers Council and allied wool organizations. These color ads in national consumer magazines educate the consumer—men, women, teen-agers and children—in the advantages of wool, help to establish style trends for consumers, and assist in building wool as a prestige product.

Considered important in the advertising and promotion program for wool are the trade ads, which keep designers and manufacturers informed of the style trends and at the same time assure them that there is a market for wool products. Trade ads cover every facet of production, from blankets and clothing to upholstery for automobiles. Wool sportswear, an increasingly important market, also is promoted extensively both in consumer ads and in trade magazines.

To round out the advertising program for wool, educational and promotion materials for retail stores play a vital role. Booklets, publicity, educational films, and other promotional aids keep the retailer and his sales force completely informed on wool fabrics and merchandising and sales techniques. In addition, the retailer is provided with display material on wool fabrics, window display ideas and copies of wool ads, all to help increase the demand for wool by creating instore consumer interest.

When it come to lamb, we found an entirely different situation. There were no existing agencies set up to advertise and promote lamb except the National Livestock and Meat Board and they are concerned with all types of meat and could devote only that portion of their time and effort to lamb that lamb represents in the overall meat picture; further the policy of the National Livestock and Meat Board prevents them from using any paid advertising.

I am quite familiar with the activities of the National Livestock and Meat Board, having served for 13 years on the board and was privileged to serve 2 years as chairman. The sheep producers support the National Livestock and Meat Board today as they always have in the past.

Let me say here that all of our programs have been well coordinated with the Meat Board and their staff and facilities have been made available wherever and whenever they could be of assistance.

In order to get a lamb promotion program underway, it was necessary to start from scratch. In order to properly operate, we set up a lamb advertising department, a lamb merchandising department, a consumer service department and an education and information service. Each department is supervised by a department director or chief, who works closely with all departments to develop a well-coordinated program.

After careful investigation and study, we found three basic problems confronting us. One was the extremely distorted pattern of distribution and consumption of lamb. It was found that 70 percent of the lamb was consumed in 6 States that comprise only 30 percent of the population. These States were New York, New England, and California which, with the exception of California, are the areas where lamb is not raised.

Another problem was the amazing lack of knowledge of lamb on the part of consumers and meat retailers. Another was the unfounded prejudices regarding lamb in the minds of many people.

After careful consideration it was decided that in order to overcome these problems we would conduct an educational type advertising and promotion campaign in a selected group of metropolitan areas. They are: Baltimore, Washington, Philadelphia, Cleveland, Detroit, Chicago, Milwaukee, Houston, Denver, Salt Lake City, Portland, Seattle, Northern California and Southern California. It is anticipated that more cities will be added as the program develops.

Briefly here is how the various departments coordinate a lamb promotion and advertising program in a metropolitan city.

After considerable research and study of all phases of supply and demand, a promotion and advertising schedule is prepared. At least a month before advertising begins, the lamb merchandising and the consumer service departments make personal contact with persons and firms who will be, in any way, connected with the purchase or sale of lamb. Lamb merchandising men contact all packers and many retailers in the marketing area informing them of the approaching advertising campaign and soliciting their cooperation.

Home economists in the consumer service department solicit the help of food editors in publicizing lamb recipes. They also conduct an intensive grassroots program by giving demonstrations on lamb cookery before women's groups and the home economics classes of schools and colleges.

Once this thorough groundwork is well underway, the advertising program is launched using newspapers, radio or television or some combination of those media. This advertising stresses the economy, nutritional value and taste appeal of the lesser known cuts of lamb.

The consumer advertising approach is one of information and education. Conducted on a market-by-market basis, expenditures are determined by population, dollar volume of food sales and the lamb consumption factor in that particular area. The ASPC conducts an intensive educational advertising program in hotel, restaurant, institutional, meat retail and provisioner trade publications. Advertising is coordinated with media merchandising, publicity and fieldwork of ASPC home economists and merchandisers. Examples of ads and materials include:

- Full-page, full-color ads in major metropolitan newspapers featuring new uses, new recipe ideas.

- One-third of a page black-and-white newspaper ads featuring recipe ideas and slanted toward overcoming misconceptions about lamb.

- Fine, informative television commercials featuring recipe ideas.

- Radio commercials featuring recipe ideas and instructions on lamb cookery.

- Hotel, restaurant, and institutional ads—informative and technical education.

- Meat retail trade ads—new methods and profitable techniques.

As a part of its advertising and promotion effort, the American Sheep Producers Council found that it had to create and develop many merchandising aids for lamb. There were no new educational tools or aids. For example, no new recipes had been developed for lamb in the field of quantity feeding for hotels, restaurants, and institutions since 1938. There were no educational devices for schools and colleges. There were few merchandising aids for packers and retailers.

Since its inception, the American Sheep Producers Council has developed many aids and merchandising tools. A few of the educational and merchandising aids developed by the ASPC include its complete Lamb Cutting and Merchandising Manual, the first of its kind ever developed for packers and meat retailers; point-of-sale material, consumer recipes, motion pictures for consumer and retailer education, and a restaurant technical bulletin.

ASPC merchandising materials have been acclaimed as among the finest and most helpful aids ever offered. Examples of merchandising aids for meat retailers are:

- Full-color point-of-purchase poster materials supplied to all meat retailers at no charge.

- Colorful series of recipe folders supplied to all meat retailers for distribution to customers. Several million folders also have been distributed to consumers through direct mail, media editorial departments, women's clubs, schools and colleges.

- Recipe labels produced for either heat sealing to outside of packaged lamb, or for insertion inside wrapped lamb packages.

Since one of the principal goals of the American Sheep Producers Council is to broaden the demand for lamb, extensive "grassroots" promotion is needed. This is accomplished by supplying Mrs. Homemaker with information on how to properly prepare and serve lamb. Home economists in the consumer service department work with women's groups, clubs, colleges, and high schools in con-

ducting lectures and demonstrations on lamb cookery. They supply the housewife with recipes and cooking information about lamb. Newspaper, radio, and television food editors also are supplied with information about lamb with taste-tempting recipes. Development of quantity recipes and a technical manual for the vast field of mass feeding is another highlight of this department.

So that all segments of the livestock and meat industry, and the consumer, will be aware of what efforts are being made to promote the sheepman's products, it is necessary to supply information and educational tools. Through news releases the sheepman is kept informed of the progress of his program. The packer and processor and the retailer also are made aware of past accomplishments and future plans of the American Sheep Producers Council. Besides the dissemination of news concerning the Council's promotion and advertising programs and its efforts to expand the demand for lamb and wool, educational tools are supplied. These include: Motion pictures directed toward the education of consumers on the use of the sheepman's products and the education of retailers and packers on proper methods of cutting lamb; the use of informative booklets and brochures; the use of the Lamb Cutting and Merchandising Manual, and others.

TESTIFY TO PROGRAM'S SUCCESS

All segments of the livestock and meat industry have testified to the outstanding success of the lamb promotion program to date. Here are only a few samples which strongly indicate the success of this program.

"From my own observation and information from our retail zones in which your programs have operated, the promotions have been effective. They have drawn both the consumers' and retailers' attention to lamb—have augmented and aided the retailers' advertising, and resulted in greater lamb sales than would have been without the promotion. They have apparently been particularly helpful toward increasing the demand for the less popular cuts.

"We certainly feel there is need for advertising and promotion of lamb if lamb (and hence the lamb producer) is to increase or hold its present share of the meat dollar, and particularly to do so with satisfactory returns.

"Competition among meats and meat substitutes is keen, and consumers are being offered an increasing selection and freedom of choice in their food purchasing. These factors increase the importance of consumer preselling on particular products or brands. We believe the lamb preselling job, in the main, will have to be done by producers, for those who sell your lamb can't do a great deal of preselling of one meat over another.

"We hope your good work will be continued."—D. M. Phipps, meat supply division, Safeway Stores, Inc., Oakland, Calif.

"We sincerely believe that the promotion and advertising effort put forth by the ASPC has had a tremendous effect on the sale and consumption of lamb throughout the country. We feel that the job has been well done.

"* * * we believe that a vigorous advertising and promotion campaign will be necessary to bring the demand for lamb back to its past high level."—Douglas N. Allan, president, James Allan & Sons, wholesale butchers, San Francisco, Calif.

"We feel there is a continuing need for the advertising and promotion of lamb, if all segments are to be provided with the consistent profits so necessary to a healthy industry. To that end we think there is much value to the promotional work being done by the ASPC and as the program moves along, with more experience being gained through coordination of ideas within the industry, we are confident further substantial gains can and will be accomplished."—A. J. Sullivan, manager, lamb division, Armour & Co., Chicago, Ill.

"While we feel that your efforts have been well worthwhile, we also believe that you have just scratched the surface and further and/or continuing efforts on the part of the council will result in more and more lamb being merchandised in parts of the country that have, heretofore, had a prejudice against merchandising this fine type of meat.

"I can tell you that our experience in using your material and following up on your ads has been outstanding. As you know, we have never had any trouble selling lamb in New York or Seattle, Wash., but in the entire Midwest, where we operate approximately 3,000 retail stores, lamb has long been a neglected item and very little was being done about it. Through the use of your material in such cities as Milwaukee, Chicago, Kansas City, Topeka, and Wichita the percentage of increase in our lamb business is almost unbelievable. This is certainly a healthy condition for us, as retailers and the end results cannot help but make this a healthy condition for the producers of lamb.

"We strongly urge that you continue this type of promotion, because we believe the end results will be of mutual benefit to everyone concerned."—Glen R. Curtis, vice president, perishables department, Independent Grocers Alliance, Chicago, Ill.

"The value of your organization's efforts is evidenced in our bulletins and merchandising letters to the supply house meat merchandisers. You have made us more conscious of the need for lamb promotion.

"Secondly, too many retailers fail to recognize that lamb has tremendous merchandising possibilities. Mrs. Consumer likes to shop the store that has everything and lamb constitutes part of the 'everything' that the better merchandised store offers. Even though it may not be a major tonnage item in a great many stores, it can still represent considerable volume and profit to the retailer and also create greater variety in display.

"Your job is to create the demand by the consumer and the desire to merchandise by the retailer. What better way is there than promotion and advertising?"—George S. Waldron, director of meat merchandising, Red & White Corp., Chicago, Ill.

"I would like for you to know just how we feel about the work of the ASPC council, particularly so since it is very hard for you or us to come up with a yardstick to measure by at this time * * * my experience leads me to believe that you are well on the way to something that has been needed for a very long time.

"That is why I am happy to say that never in my life have I seen a livestock program of this magnitude develop so fast and with so few mistakes."—Garvey Haydon, Wilson & Co., Inc., Chicago, Ill.

"We, at Kroger, are still not selling the lamb we should be. I have told several people from your department that we are no different than thousands of other merchants. Our people have just not considered lamb enough in merchandising plans.

"Your ASPC program is just now beginning to break through to the merchandisers and the public. To build lamb business on a sound basis this program will need to be continued and even expanded.

"I think more emphasis should be put on the home economics program with the girls now in high school and college. They are our customers of tomorrow.

"We feel that 1958 will see a nice improvement in our lamb business. We have been successful in getting three of our divisions to agree to go all out on lamb for this year at markups in line with markup carried on other meat items."—Harold F. Crow, procurement manager of railstock, The Kroger Co., Cincinnati, Ohio.

"I would like to thank you for the copy of Lamb Cutting and Merchandising Manual. The information in this manual is in keeping with good, sensible, and modern merchandising ideas. Most of the material presented coincides with our company policies of giving the consumers full value for their money when purchasing lamb.

"Also, I would like to comment on your promotional material on lamb. I believe it has helped to remedy a condition in this area, a few years ago, when certain cuts of lamb—namely, breasts, necks, and shanks—were difficult to sell if they could be sold at all. The demand for these economy cuts has consistently been increasing to a point where on occasion recently there has been a scarcity of shanks and necks.

"Five years ago, in the Portland area, it was not uncommon to discard most of the lamb breast or attempt to offer it for sale at 10 cents per pound. Breast of lamb now is retailing in the Portland area at from 19 to 25 cents per pound, and I believe local retailers will agree with me that your promotional efforts on the rough cuts of lamb are mainly responsible. This change in buying habits has had a tendency to remove some of the pressure from the more expensive cuts of lamb.

"Packers also claim there has been an increase in the demand for rough cuts by the restaurant trade.

"Nothing takes the place of good advertising and good public relations to help sell a product, and, in my book, you fellows are doing an outstanding job."—B. E. Duin, meat consultant, Safeway Stores, Inc., Portland, Oreg.

LAMB PRICES SHOW GREATER STABILITY

One of the most serious problems confronting sheep producers in the past has been the severe price breaks encountered during the market year. Promotion and advertising have helped to stabilize lamb prices and level out, to a great extent, the ups and downs that often prove so drastic to sheep growers. By in-

tensifying its advertising and promotion effort during periods of peak supply, the ASPC has tended to eliminate drastic price breaks for the producer.

LONG-RANGE ENDEAVOR

Promotion and advertising must, of necessity, be a long-range endeavor. The lamb program, for example, must be carefully planned and expanded in line with supply. As sheepmen hold back more ewe lambs in order to increase the size of their flocks, there will be less lamb for consumption for a period of 1 or 2 years. During this time, the American Sheep Producers Council is building a sound demand for lamb through its program of advertising and education. As the supply of lamb for consumption begins to increase, there will be good markets for the product and more stable prices for the producer and the consumer.

In its advertising and promotion, the council must regulate its schedule to avoid increasing consumer demand in certain areas beyond the capacity of the sheep industry to supply that demand.

It is neither the intent, nor the desire, of the council to create excessive price advances. Rather, it is our aim to coordinate the advertising and promotion program with the supply available. At the same time, the council intends to continue to broaden the areas of distribution and consumption in order to prevent an oversupply in any retail market area.

The task originally assigned to the American Sheep Producers Council presented numerous problems, many of which already have been overcome. Only time and the continued diligent attention to the task at hand will solve the sheep industry's problems. The American Sheep Producers Council believes that it is on the right path toward helping to establish a strong and self-reliant sheep industry in the United States.

Research is a vital force in the American economy today. Most products today are sold and purchased by persons whom the producer never sees personally. It becomes increasingly important for the producer of goods to extend, supplement, and verify his personal observations with facts about the living and buying habits of those who use or might use his products—their attitudes, preferences, and dislikes—for these people are the market for the product.

No provision is made for market research under the National Wool Act and, as a result, the American Sheep Producers Council is entirely dependent for market research and information on other organizations.

It is understood that when the Wool Act is renewed, another referendum will be conducted to determine if growers favor the continuation of the advertising and promotion program and desire to expend their own funds for creating a demand for their products. Only by building a sound demand for its products can the sheep industry carry out the intent of the Wool Act as set forth by Congress.

AMERICAN SHEEP PRODUCERS COUNCIL, INC.

Budget, fiscal year July 1, 1957, through June 30, 1958

	Amount	Percentage of budget
Board of directors.....	\$27, 000	1. 26
Administrative.....	88, 000	4. 11
Equipment.....	2, 000	. 09
Education and information.....	73, 000	3. 41
Wool promotion.....	800, 000	37. 33
Lamb promotion.....	1, 153, 000	53. 80
Total.....	2, 143, 000	100. 00

AMERICAN SHEEP PRODUCERS COUNCIL, INC., DENVER, COLO.

Statement of assets, liabilities, and fund balance as of Dec. 31, 1957

Assets:	
Cash in bank	\$42, 617. 78
Deposits (for credit cards)	515. 64
Petty cash fund	50. 71
Expense advances to employees	4, 000. 00
Investment in United States securities	3, 124, 134. 62
Advances to contractors	25, 370. 00
Total assets	3, 196, 688. 75
Liabilities	0
Fund balance:	
Fund balance June 30, 1957	1, 341, 845. 30
Excess income over expenses	1, 854, 843. 45
Total fund balance	3, 196, 688. 75
Total liabilities and fund balance	3, 196, 688. 75

AMERICAN SHEEP PRODUCERS COUNCIL, INC., DENVER, COLO.

Statement of receipts and disbursements from beginning to date, Sept. 12, 1955 through Dec. 31, 1957

Receipts:	
Income from incentive payments:	
1955 wool clip	\$3, 098, 903. 88
1956 wool clip	3, 000, 000. 00
Miscellaneous income (interest and sale of material)	52, 910. 45
Total receipts	6, 151, 814. 33
Disbursements:	
Board of directors (1.71 percent)	50, 612. 57
Administrative (4.73 percent)	139, 643. 89
Education and information (2.01 percent)	59, 317. 91
Lamb advertising and promotion (51.81 percent)	1, 531, 043. 80
Wool advertising and promotion (39.21 percent)	1, 158, 819. 24
Equipment (0.53 percent)	15, 688. 17
Total (100 percent)	2, 955, 125. 58
Excess receipts over disbursements	3, 196, 688. 75

Mr. MATTHEWS. I want to take the time to introduce Congressman McIntire from Maine who is with us and who is an important member of this committee. I wonder if the committee has any questions that they would like to ask?

Mr. HILL. It is a very fine statement—really excellent.

Mr. McINTIRE. I might say that I apologize for being late. I was splitting my time between cotton and wool.

Mr. MATTHEWS. I think he attends more meetings that do not concern his district, than most any of us. That does not mean to say the he is not on the job when subjects concerning his district come up. We appreciate the cooperation that he shows when we discuss subjects of agriculture that do not apply to him particularly.

Mr. McINTIRE. Wool is quite closely related, but not from the production standpoint. We have in Maine a great many spinners who have a very internal interest in the wool problem.

Mr. WINDER. May I comment on a question I think Congressman Dixon asked of Mr. Clyde, with respect to the auditing of our accounts? The Department of Agriculture, their auditing department, conducts a very comprehensive and complete audit of our accounts once a year and furnishes us with the report and, of course, the Secretary of Agriculture, who is in reality a referee in this organization to see that the money contributed by the many growers throughout the United States is not misspent. And we have a very complete and comprehensive audit. We could furnish to the committee, if they think they would like to see it, a copy of that audit at any time.

Mr. MATTHEWS. Thank you very much.

Mr. WINDER. Thank you for the opportunity.

Mr. MATTHEWS. We will have the record show that Mr. Jones wishes to corroborate the testimony so ably presented by Mr. Winder. We have our friend Mr. John Baker of the National Farmers Union, who will testify tomorrow.

Mr. Smith, we will be glad to have you come up here and since you are from the State of Utah I will ask Congressman Dixon here to present you.

Mr. DIXON. Mr. Chairman, and gentlemen, and Mrs. Downey, I am pleased to introduce Mr. Arthur Smith, the secretary and treasurer of the Utah Livestock Production Credit Association of Salt Lake City.

Mr. MATTHEWS. You may proceed and go right ahead in your own way.

**STATEMENT OF ARTHUR SMITH, SECRETARY-TREASURER OF THE
UTAH LIVESTOCK PRODUCTION CREDIT ASSOCIATION, SALT
LAKE CITY, UTAH**

Mr. SMITH. Mr. Chairman and members of the committee, my name is Arthur Smith. I am secretary-treasurer of the Utah Livestock Production Credit Association, with headquarters in Salt Lake City, Utah. Our business is financing farmers and livestock operators. We are 1 of 500 production credit associations in the United States furnishing such financing. Our records show that the range sheep operator has invested in ranchland, rangelands, grazing permits, equipment, and other necessities to operate his outfit from \$75 to \$100 per head for every breeding sheep in his unit, and on which many of them have a sizable unpaid balance.

Present indications are that permits to graze sheep on Federal, mountain, and desert ranges will continue to be reduced, which means that the sheep producer will be faced with the necessity of further increasing his animal unit investment by purchasing additional range, permits, and supporting property, or reduce his sheep numbers accordingly, either of which will add to his expenses.

The National Wool Act of 1954 on which 2 payments, 1 in 1956 and 1 in 1957, have been received by the sheepmen, has been of considerable assistance; in fact, it has been the difference between a profit and loss for them.

Our records and actual figures for the year 1955 on 40 sheep accounts, with a total of 112,372 sheep, shows the fixed operating expenses for labor, shearing, feeds, leases, taxes, and other items of \$10.95 per head, and the following income per head from wool, \$3.73;

lambs, \$7.62; old ewes, 48 cents; less cost of replacements, 95 cents; leaving income of \$10.88, an average loss per head of 0.07.

The average incentive payment received in 1956 on the 1955 wool clip was \$1.70, making the average gain, after the incentive payment, \$1.63, and interest on the money borrowed would be deducted from the above. The figures for 1956 on 43 sheep accounts, 115,726 sheep, shows \$12.25 per head operating expenses, with income of \$12.50 per head, a gain of 25 cents per head before the incentive payment. The average incentive payment for 1956 received in 1957 was \$1.87, making the total average gain \$2.12 per head.

I have seen the records and figures of other livestock loaning agencies in Utah for the same period, and they are similar to the figures I have given. I have talked with other production credit association officials from other areas and I firmly believe these figures would be typical in our other sheep-producing States.

Operating costs continue to increase. Many of the budgets prepared at renewal time last October, November, and December were increased 10 to 15 percent. Many of the sheepmen have been forced to obtain loans on their real estate to assist in the costs of their operating expenses, and they have to depend on the income from their sheep to make the principal and interest payments on their real-estate debts in addition to their other fixed operating expenses. In many instances, it has been necessary for the livestock loan companies to take real-estate mortgages, assignment of water stocks and waivers on grazing permits from the sheepmen as additional security in order to continue with their financing.

I have been secretary-treasurer and manager of the Utah Livestock Production Credit Association since 1936, or 22 years. Many of the sheep accounts, in fact, most of them are on the books today that were there in 1936 with but little financial gain, if any, in the 22 years.

We have numerous inquiries from sheepmen each year seeking credit relief, many with the total debt on their sheep so large that we cannot accept them. This means liquidation and perhaps a loss to a man who has spent many years trying to stay in the sheep business. It is evident that considerable liquidation of range outfits would have been necessary without the incentive payment on wool.

The 1954 Wool Act with the incentive program has been most helpful to the sheep and wool industry. We rely on the sheep industry for one of our greatest supports; without it our schools and other activities face trouble.

We earnestly request that the Wool Act of 1954 be extended as a measure of security for the sheep industry.

Thank you.

Mr. MATTHEWS. Thank you very much, Mr. Smith. I wonder if there are any questions that the committee would like to ask?

Mr. HILL. At the bottom of page 2 you say:

In many instances, it has been necessary for the livestock loan companies to take real-estate mortgages.

Mr. SMITH. Yes, sir.

Mr. HILL. Then you follow with:

Assignment of the water stocks and waivers on the grazing permits.

How could they—how could anyone sign a waiver on a grazing permit without the consent of the Forest Service?

Mr. SMITH. They do consent to it.

Mr. HILL. They consent to it?

Mr. SMITH. Yes, sir. Their waiver is sent to the regional office and is consented to by the Forest Service.

Mr. HILL. Is that all the bank leaves out?

Mr. SMITH. We do not take it only on necessity—only when we have to.

Mr. HILL. If you have to have assignments you ask for them?

Mr. SMITH. I think we would have to; yes, sir.

Mr. HILL. The sheep farmers are not doing as well as some of the folks would think?

Mr. SMITH. That is right.

Mr. HILL. With this act, if that is extended, you see some hope for the sheepgrower?

Mr. SMITH. Yes, sir, that is right.

Mr. DIXON. I, certainly, compliment you on your presentation here. The data is compiled in a way that I have never seen data compiled. It is very useful. Maybe you cannot answer the question. Maybe someone else here can. As I understand it, the National Banking Act prohibits a national bank from taking grazing permits as part of the security on loans that the industry is supporting legislation which would permit the national banks to take waivers on grazing permits as security.

Mr. SMITH. If I may, I believe that we have had inquiries as to the form we use on a waiver, on a permit, and I do not know whether there is a law against their taking it or not but I think they have endeavored to take it.

Mr. DIXON. They are probably not national banks.

Mr. SMITH. That could be. I can't answer that for you.

Mr. DIXON. Maybe someone can answer that question while the wool people are here.

Mr. MATTHEWS. Is there anyone who could answer that question of Congressman Dixon?

Mr. DIXON. The reason I ask it is that the wool people in Utah face that problem. That is quite a serious handicap to their getting loans.

Mr. McINTIRE. Just one question, Mr. Smith. In the short time that the act of 1954 has been in operation, and I do state it is a short time, do you see the effects of this act as the basis for an increase in sheep population in your area?

Mr. SMITH. Very much so. Some of the smaller operators would not be able to stay in or get in without the assistance and help from the act.

Mr. McINTIRE. But are there increases in sheep numbers going on?

Mr. SMITH. Yes, sir.

Mr. McINTIRE. In all sizes of operations?

Mr. SMITH. Yes, sir. Some of the flocks are bringing the herds back up to an economical unit because of the fact that they are getting this additional incentive payment.

Mr. McINTIRE. So the act is—

Mr. SMITH. Beneficial.

Mr. McINTIRE. You would say that the act's objective has been helpful—that being to build toward a more adequate supply of wool produced in this country?

Mr. SMITH. Yes, sir.

Mr. McINTIRE. Do you think that phase of the act is showing up constructively and beneficially?

Mr. SMITH. Yes, sir; I do.

Mr. MATTHEWS. Are there any other questions?

Thank you very much, Mr. Smith. We surely do appreciate your testifying.

Mr. SMITH. Thank you.

Mr. MATTHEWS. I would like to acknowledge the fact that I think Mr. Casey Jones, executive secretary of the American Sheep Producers Council, has come in. The committee would like to recognize you if you want to testify.

Although you did not testify you did a good job.

Mr. Winder very ably stated your feelings about this "important legislation" and in the record we have stated that you collaborated with him.

Mr. JONES. Thank you.

Mr. MATTHEWS. If there are no further questions the subcommittee stands adjourned until 10 o'clock tomorrow morning. We are delighted to have had you here.

(Whereupon, at 12:30 p. m., the hearing was adjourned, to reconvene on Wednesday, February 12, 1958, at 10 a. m.)

EXTEND NATIONAL WOOL ACT OF 1954

WEDNESDAY, FEBRUARY 12, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE
Washington, D. C.

The subcommittee met pursuant to notice at a. m., in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage (presiding), Matthews, Hill, and Johnson.

Also present: Representatives Dixon and Fisher; Mabel C. Downey, clerk; Francis M. LeMay, staff consultant.

Mr. Poage (presiding). The committee will please come to order.

We will have some more of the witnesses today on this subject of wool.

I want to state that we do not intend to conclude the hearing today. There are others who will want to be heard and will have an opportunity to be heard at a little later date, but we do want to hear those who are here. I think Mr. Matthews followed the right course yesterday in hearing those from a distance first.

We have still listed here some from distant points. I think they should be heard first. I am going to change the order in which we are hearing the witnesses, to hear those from distant points first.

Mr. Dan Fulton from Montana, I wonder if you would like to be heard early in order that you might be able to get away.

Mr. FULTON. I should like to be heard now.

Mr. POAGE. We will be glad to hear from you.

STATEMENT OF DAN FULTON OF ISMAY, MONT., PRESIDENT OF THE MONTANA WOOL GROWERS ASSOCIATION

Mr. FULTON. Mr. Chairman and members of the committee, my name is Dan Fulton and my address is Ismay, Mont. I am a sheepman and president of the Montana Wool Growers Association, I also produce cattle and am the immediate past president of the Montana Stockgrowers Association.

The Montana Wool Growers Association includes in its dues paying membership over 90 percent of the sheep owners in our State. We are now producing approximately 15 million pounds of wool each year as compared to 25 or 30 million pounds in the early 1940's.

Montana, due to its climatic conditions, is naturally favorable to sheep production and there are thousands of acres now grazed by cattle, formerly grazed by sheep, which could once again be used for increased production of wool and lamb.

At one time, sheep raising in our State was strictly a range operation, but it is becoming more and more of a pasture operation, on both dry land and irrigated pastures. The production of lambs and wool on these pastures would tend to decrease production of some of the commodities which are now in surplus and are causing us so much trouble.

Since the incentive payment program was instituted, with payments being made to encourage production on a quality basis, the liquidation of sheep numbers in Montana has practically come to a standstill, and indications are that we can look for increases this coming year.

Reports to our State association office indicate that a great many ewe lambs were held over for breeding stock last fall. Many farmers, not previously in the sheep business, have purchased breeding ewes which will be used to set up new breeding flocks.

Prices paid for ewe lambs and breeding stock of all types, including rams, were higher last fall than at any time since the Korean war. Prices at the Montana ram sale held last fall were higher than in many years due to the increased demand for purebred rams for stocking purposes.

The average incentive payment per producer in Montana on the 1956 wool clip was \$668.80. In many instances, this meant the difference between losing money or breaking even.

The impetus given to the industry by the Wool Act has not been confined to the actual amount of the payment, but it is also due to the secondary benefits derived from increased sheep prices, and the very important fact that the industry has been assured by the Congress of its interest in the welfare and stability of the industry.

We from Montana are convinced that the advertising program provided for in section 708 of the act has been of tremendous assistance to our producers.

It is my belief that the results from the advertising of lamb alone resulted in a stronger and steadier fat and feeder lamb market last fall. We are convinced that the real future in our markets lies in the hands of the consumers, whom we must keep informed as to the merits of our wool and lamb products.

Contracting of the 1958 lamb crop has already started and contracting of the 1958 wool clip should start soon. Because of these facts, we would like to urge the Congress to act as soon as possible on this measure.

The first Wool Act was limited to a 4-year period as a trial measure. We feel, however, that since it is the declared policy of the Congress to increase production of wool, that the act should stay in effect until the goal of an annual production of 300 million pounds of shorn wool per year is reached. Actually, a time limitation hurts the chances of increased production due to the very nature of the sheep business. After all, it takes 2 years from the time a ewe lamb is born before it can reproduce.

In closing, Mr. Chairman, I would like to thank our representatives, LeRoy Anderson and Lee Metcalf, for their support of our industry.

Thank you.

I especially want to thank this committee for allowing us out-of-town people to appear at this time. Thank you.

Mr. POAGE. We are very happy to have you with us, Mr. Fulton. We think you have been very helpful to the committee. It is good for those of you who know the industry, to take the trouble to get the facts to us. We appreciate it.

I think that you have touched on two interesting and important phases of the agricultural problems here. I think that your experience may be helpful to others.

In the first place as I understand you, you in the wool industry have found the direct-payment program to be a sound, practical, and effective approach?

Mr. FULTON. Yes, we have found that in the wool industry.

Mr. POAGE. You want to continue it?

Mr. FULTON. What was that?

Mr. POAGE. You want to continue it, you want to continue that program?

Mr. FULTON. Yes, sir.

Mr. POAGE. It seems to me it has proven a success.

I, also, noted the promotion figures of the Wool Act, which you gave. Those promotion figures involve a checkoff, do they not?

Mr. FULTON. Yes, they involve an automatic withdrawal of the funds to pay for the program under section 708 of the act.

Mr. POAGE. And your experience has been that that has worked successfully and that it has been profitable and advantageous to the industry?

Mr. FULTON. Yes.

Mr. POAGE. I think so, too. And I think that every segment of the livestock industry should have the privilege of using the same type of promotion that you are able to use under the existing act.

Mr. FULTON. Yes, sir; we do.

Mr. POAGE. I am interested to see the reaction of a livestock man who has had some practical experience with this promotion program under the checkoff. I think that it enables you to increase the volume of your business and the profits you are making.

Mr. FULTON. There is no question at all that the setting up of this program has provided finances for sound effective promotion of our products.

The program of promotion that we have is so new. It is to a certain extent, experimental, so that we hesitate yet to make definite statements on that. However, such indications that we can get to date convince us that it is very worth while, that it is going to help our industry. And to the extent that the promotion program is successful in maintaining demand, increasing prices, it makes it easier, less costly financially, to carry out the rest of the program.

That is one of the reasons we are so anxious to continue that portion of the act. We think that without that portion of the act the rest of the act might get too expensive to maintain. So we are, especially, anxious to maintain that 708 section.

Mr. POAGE. You are aware of the fact that there are other segments of the livestock industry which cannot provide for a promotion program with a voluntary checkoff?

Mr. FULTON. Yes.

Mr. POAGE. And you are aware of the further fact that you are the only segment of the livestock industry that can do it because of the provisions of the Market and Stockyards Act of 1920 which prohibits

certain checkoffs, which actually prevents the development of a promotion program for beef, or for pork, or any other type of promotion program for sheep other than what is provided in this bill?

Mr. FULTON. I am testifying for the sheepmen, so I could not admit that. [Laughter.]

I am very familiar with it. I am the immediate past president of the Montana Stock Growers Association which is primarily cattlemen. So in that capacity I became very familiar with what you are talking about.

Mr. POAGE. You have seen it work just as I have described it?

Mr. FULTON. Yes.

Mr. POAGE. That outside of the livestock field anybody can promote their products any way they see fit?

Mr. FULTON. That is my understanding.

Mr. POAGE. It seems to me grossly unfair to shackle the hands of the livestock producers.

Mr. FULTON. Yes.

Mr. DIXON. I appreciate, Mr. Fulton, what you have said about this promotion part of the program. Also, what our chairman has said.

I wish we had made it that way last year.

I was rather surprised to learn the individual payment in Montana amounted only to \$668, where I thought your operations were usually quite large, that the incentive payments only amounted to \$668. That indicates, does it not, that this measure goes directly to the assistance of small operators, does it not?

Mr. FULTON. Yes, that is very true.

Mr. DIXON. That at least in one measure would help the small people all along the line.

Mr. FULTON. I think that is true.

Mr. DIXON. You do not have any idea what the maximum payments to any one man were, do you?

Mr. FULTON. I do not have the figure on that.

Mr. DIXON. Thank you.

Mr. Chairman, that is all.

Mr. POAGE. We are very much obliged to you. We appreciate your coming before us.

Mr. FULTON. Thank you.

Mr. POAGE. I see Congressman Anderson from Montana here. We have just been hearing from your constituent, Mr. Fulton. We wonder if you like to make a statement right now, Mr. Anderson.

**STATEMENT OF HON. LEROY H. ANDERSON, A REPRESENTATIVE
IN CONGRESS FROM THE SECOND DISTRICT IN THE STATE OF
MONTANA**

Mr. ANDERSON. Thank you for your courtesy in permitting my representative to speak to you and for this chance to talk to you for Montana, which is traditionally one of the major sheep raising States in the Union. We are interested very much in the extension of the National Wool Act because it is one piece of farm legislation which has worked out extremely well.

On behalf of both my colleague from the First District of Montana, Congressman Lee Metcalf, and myself, I want to endorse the statement which was just made to you by Mr. Dan Fulton, who is my

constituent, incidentally, and president of the Montana Wool Growers Association, so that he is, also, my president because I am a sheep grower and a member of that organization.

As you can well understand, the extension of the National Wool Act was the most important matter under discussion at the recent State convention of the wool growers in Miles City. The group there adopted the position which has been explained to you by Mr. Fulton in regard to extending the act and the time limit. Our growers felt that an expiration date tends to create uncertainty in the sheep industry which requires periods of longer than 4 years for proper development and stability. Therefore, Congressman Metcalf and I endorse the amendment in this connection which Congressman Fisher proposed to you yesterday.

We, also, support Mr. Fisher's amendment to strike the word "specific" from the language of the act since that word limits the availability of funds.

My colleague, Mr. Metcalf and I are both authors of bills now pending before your committee, to extend the act. And so, Congressman Metcalf and I endorse these two proposals and ask that this committee consider them at the time of consideration of the bill.

It would be most beneficial to the wool growers of my State if this committee could act on this matter as expeditiously as possible, in order to assure continued stability to the sheep growing and wool raising industry.

I thank you, gentlemen.

Mr. MATTHEWS (presiding). We want to thank you very much for that fine testimony. I wonder if there any questions that you would like to ask?

Mr. HILL. If you would permit me, I thought Montana was the largest sheep growing area rather than Texas. Would you explain that to me so that I will have it straight? Yesterday I think we were told that Texas was.

Mr. ANDERSON. I won't get into an argument with Mr. Fisher on that. Texas is not only a larger State geographically than Montana but they do produce more sheep than any other State in the Union. Montana is not quite second even.

Mr. HILL. You are second?

Mr. ANDERSON. No, we are not. There are a group of 3 or 4 States including your own State of Colorado, Mr. Hill, which are almost identical, and our neighboring State of Idaho. Our three States produced approximately the same, and we kind of run a race for second.

Mr. HILL. It is your feeling that so far as you are aware they are all unanimous, in your area, for the extension of this legislation; is that your opinion?

Mr. ANDERSON. I haven't heard a word of objection to the extension of the Wool Act. I think all of the growers feel that is one act that has worked without any cause for criticism.

Mr. HILL. Thank you.

Mr. MATTHEWS. Are there any other questions?

Mr. DIXON. You also favor the checkoff?

Mr. ANDERSON. I do. I do feel that if the growers themselves are willing—it would have to be up to their choice—if the growers them-

selves are willing to pay to promote additional consumption of lamb and of our products we should be authorized to do it and this provision just sets up the mechanism by which we may give ourselves some help. I do favor this provision.

Mr. DIXON. Is there any opposition to the bill?

Mr. ANDERSON. I understand there has been a little opposition to the checkoff system, but that is the only whisper of opposition to any part of the law that I have heard. There could be no opposition, it seems to me, to having the bill open ended because it is always subject to annual scrutiny by your committee. And if a reason for changing it came up, your committee would see that those changes would be made. So long as it is on the books—although there may be some small changes may be made from year to year—growers can plan several years ahead.

Mr. DIXON. Thank you.

Mr. POAGE (presiding). You do find the compensatory payment to be a sound and wonderful program?

Mr. ANDERSON. I do. I feel it should be extended to other commodities. But, certainly, in the case of wool, which is one commodity of which there is a shortage in this country, it would work at its very best.

Mr. POAGE. Any further questions?

Thank you very much.

Mr. ANDERSON. Thank you.

Mr. POAGE. We will be glad to have you sit with the committee, if you will.

Mr. ANDERSON. I am going to take my constituents out in the hall and have a little talk if I may Mr. Chairman.

Mr. POAGE. All right. Thank you.

I believe that Mr. Kincaid from the Texas Sheep and Goat Raisers Association is with us. We will be glad to have you testify now. I understand you have with you Mr. Williams, who is the secretary and manager of the Texas Sheep and Goat Raisers Association. We will be glad to have Mr. Williams join you.

**STATEMENT OF T. A. KINCAID, PRESIDENT; ACCOMPANIED BY
ERNEST L. WILLIAMS, EXECUTIVE SECRETARY, OF TEXAS
SHEEP AND GOAT RAISERS' ASSOCIATION, OZONA, TEX.**

Mr. KINCAID. Mr. Chairman, members of the committee, my name is T. A. Kincaid. I am president of the Texas Sheep and Goat Raisers' Association which is one of the member State organizations affiliated with the National Wool Growers Association. I am also a grower of wool and mohair, maintaining a ranch near Ozona, Tex., on which I own about 6,000 head of sheep and goats. This ranch operation is my only source of income.

I appreciate very much this opportunity to appear before this committee in support of the extension of the Wool Act of 1954.

The Texas Sheep and Goat Raisers' Association is the only agricultural organization in Texas which represents and acts as spokesman for the woolgrowing industry of Texas. I am here today representing the 21,114 individual woolgrowers of the State who participated in the program provided by the Wool Act.

These growers produced and sold 44,764,000 pounds of wool during the 1956 marketing year with a value of \$28 million. I mention these figures only to point out the fact that Texas is the Nation's largest sheep producing State and that this industry is a large and vital segment of the agricultural economy of the State.

The sheep population of Texas, like that of the other States in the national, has declined more than 50 percent since 1942—from a total of over 10 million head to about 4,800,000 in 1957, the lowest in over 30 years. This decline was speeded up greatly during the period from 1950 through 1956 by a prolonged drought. Many flocks were liquidated and nearly all others greatly reduced to allow the operators to stay in business. The drought was definitely ended in 1957 and a considerable increase in sheep numbers is already apparent there.

The intent of the Wool Act is being achieved.

It was the unanimous decision of the woolgrowers of Texas, at their annual convention last December, to request the Congress to extend the Wool Act. We feel that such an extension is necessary to bring the wool production of Texas back.

We are apparently supported in this request by the 71,000 members of the Texas Farm Bureau because that organization, at its annual convention in Dallas last November, unanimously passed a resolution favoring extension of the Wool Act of 1954 until the objectives of the act were realized.

I thank you again for this opportunity to appear before you.

Mr. POAGE. We are very much obliged to you for coming here. Stay here as long as you can. We think it is most helpful to have you here.

I would like to have your opinion as I have asked some of the others, do you find the compensatory payment is working successfully?

Mr. KINCAID. I think it is working particularly well, Mr. Chairman, in view of the fact of the deficiency production of the commodity of wool, that it is lending a most stable influence on our wool production and to our markets.

Mr. POAGE. What will be your attitude toward other segments of agriculture in their legislative programs after the wool people have gotten theirs through? Will you be friendly or will you go home and not be concerned?

Mr. KINCAID. Mr. Chairman, we recognize that the whole of agriculture is only a minority but we recognize the right of each commodity to work out its own problems and to ask Congress for help in passing any reasonable program that will make agriculture as a whole prosperous. If producers of any commodity are agreed that a program will work for them, we will support them just as we would want them to support us in asking for the extension of the Wool Act because we know that this program works for us.

Mr. POAGE. Thank you very much.

Are there any other questions?

Mr. HILL. Just this question. I am glad to note that you, also, make a positive statement about the weather. That interests me coming from an area having a drought, too. Now I have no doubt in my mind that between Texas and Utah, the drought is over. We had such a statement from Utah. I am glad to know that this testimony will tell the powers that be that we expect it to be at an end. Thank you very much.

Mr. KINCAID. Thank you.

Mr. DIXON. I appreciate your testimony, Mr. Kincaid. There are two questions.

First, do you favor the bill as proposed by Mr. Fisher as to the word "specific"?

Mr. KINCAID. Yes, sir; definitely.

Mr. DIXON. You say that the Texas Farm Bureau has endorsed this unanimously. As I understand it, the American Farm Bureau raised some question about the checkoff, but that they would go along with the bill, they said, anyway. But they had some question about the checkoff.

Has your Farm Bureau raised that question?

Mr. KINCAID. In that resolution, Congressman Dixon, they did not. They just worded it to support the extension of the National Wool Act until the objectives contained within the act were realized.

Mr. DIXON. Did they make any reference to this amendment that our colleague here, Mr. Fisher, has brought out about the limitation on the tariff receipts?

Mr. KINCAID. In so many words; no, sir. But their wording was that they supported the extension of the Wool Act until such time as the objectives were realized. To me that definitely meant that they did not intend to place a definite termination date on the act that the objective of the act should determine the termination or the action.

Mr. DIXON. In other words, that it should be continued, and the inference is that it would have to be financed. That is the position?

Mr. KINCAID. Yes, sir.

Mr. DIXON. Thank you. I compliment you on your statement.

Mr. KINCAID. Thank you Congressman Dixon.

Mr. FISHER. I would like to emphasize that Mr. Kincaid is a highly respected sheep grower and raiser in Texas. They even changed the bylaws this last fall in order to reelect him as President to serve another term, which is almost without precedent down there.

Mr. Williams is our very able secretary of the association in Texas. He has been in that position for quite a number of years.

Mr. POAGE. Did they have to change the bylaws to retain him?

Mr. FISHER. No. He is very efficient.

Mr. POAGE. We are delighted to have both of you with us. I know Mr. Kincaid and Mr. Williams have done a fine job for the sheep-growing people and for the whole country for a long time.

We who are interested in the success of the sheep-growing business are appreciative of the fact that you have taken your time to come up here.

Mr. KINCAID. Thank you very much.

Mr. WILLIAMS. Thank you.

Mr. POAGE. We will next hear Mr. Crowder.

Mr. J. A. Crowder, apparently, represents a number of wool associations.

We shall be glad to hear you now.

STATEMENT OF J. A. CROWDER, OF WASHINGTON, D. C., REPRESENTING THE BOSTON WOOL TRADE ASSOCIATION, PHILADELPHIA WOOL AND TEXTILE ASSOCIATION, AND NATIONAL WOOL TRADE ASSOCIATION

Mr. CROWDER. My name is J. A. Crowder. I am an attorney in the law offices of Clinton M. Hester, this city. I appear here today on behalf of the Boston Wool Trade Association, the Philadelphia Wool and Textile Association, and the National Wool Trade Association, for which we are Washington counsel.

The members of the 3 associations which we represent here supply the woolen and worsted manufacturing industry of the United States with approximately 90 percent of the wool which it consumes.

With me here today are Mr. George L. Anderson, former president of the Boston Wool Trade Association and representative of the president of that association; Mr. Matthew J. Gill, chairman of the domestic wool committee of that association; Mr. I. J. Horstmann II, president of the Philadelphia Wool and Textile Association; and Mr. Richard W. Wells, immediate past president and chairman of the domestic wool committee of the Philadelphia association. The presence of these gentlemen here today attests to the importance which our segment of the wool textile industry of the United States attaches to the need for extension of the National Wool Act of 1954.

Mr. POAGE. Would you like to have them come up here and sit with you?

Mr. CROWDER. If that is all right with you.

Our members buy wool from the producer, sort it, classify it as to type and grade, process it through the cleaning operation known as "scouring" and perform all other services necessary to prepare the raw wool from the sheep's back for use by manufacturers. In addition, some of our members perform the early stages of manufacture known as combing and topmaking, which prepare the wool for manufacture into yarn. The function of the wool trade is to act as a connecting link between the woolgrower and the wool manufacturer. We are, therefore, vitally interested in the welfare of both the wool-growing and wool-manufacturing industries of this country.

We urge the enactment of the bills which are before your committee which would extend the National Wool Act of 1954. Further, we suggest that if the terminal date provided for in these bills be omitted it will represent substantial progress toward the effecting of a permanent solution to the problems of the wool industry of the United States.

The National Wool Act of 1954 was a great step forward in providing the means for the maintenance and growth of the sheep industry of our country.

As a result of the direct-payment provisions of the act, the domestic wool production has been moving directly into the channels of trade at full market values determined by competitive demand. Our domestic wool production is no longer destined to deteriorate in warehouses for Government stockpiling under loan or purchase programs to be later sold in damaging competition with current production.

The members of the wool trade associations are gratified to have restored to them their normal and historic function of serving both wool producers and wool manufacturers in the distribution into consumption of our domestic wool production.

The Congress deserves great commendation for having tailored the National Wool Act of 1954 to fit the needs of the domestic wool producer, to provide him with the incentive to continue and increase his production with confidence that the distributing and manufacturing interests of the country will absorb and use his increased production.

Of prime importance in the existing Wool Act are the provisions of section 708 which authorize the use of part of the incentive payments of wool producers for the purpose of—

developing and conducting on a National, State, or regional basis advertising and sales promotion programs for wool, mohair, sheep, or goats or the products thereof.

This is an age of advertising, and huge sums are being spent each year for advertising fibers that are competitive with wool. It is essential that every effort be made to advertise for the purpose of promoting the use of wool for apparel and other purposes and increasing the consumption of lamb with a view to stimulating production of domestic pulled wool.

It is significant that the wool producers have by an overwhelming majority recognized the value to them of a promotion program. By so doing, they have expressed their willingness to spend their own money to promote the use of their product, and they should be encouraged to continue this activity so vital to their industry.

Thank you, Mr. Chairman and members of the committee for the privilege of appearing before you to present to you our views on the extension of the National Wool Act of 1954.

Mr. POAGE. We are glad to have you with us. We are interested in hearing from the trade and the manufacturers' end of the industry. I think that you feel just as enthusiastic as to the direct payment program as the producers?

Mr. CROWDER. That is true, sir.

Mr. POAGE. And you also find, just as the producers have found that it is highly desirable to allow the livestock industry after a vote of the membership to use a portion of the proceeds of their sales to promote their product?

Mr. CROWDER. We cannot speak for other segments of the livestock industry but in the case of wool, we are highly in favor of this; yes, sir.

Mr. POAGE. That raises the very question we have to raise, I am afraid. We are all in the position of knowing one industry best, but the committee must act for a lot of people that you do not represent, that we do represent.

Mr. CROWDER. Yes, sir.

Mr. POAGE. I can see nothing wrong with continuing the wool program. We understand that you feel that the program is good and many others have found that, but I have noticed in times past when they got their program as they wanted it, that they immediately lost all interest in everybody else's program and everybody else's welfare.

How do you think your people would feel if we make this wool program permanent and then find that the cotton needs a similar

program? Would we find your people for that? Would that interest your people?

Mr. CROWDER. I think they would not be too hard to find, Mr. Poage. Of course, we are in the position that we cannot judge what other industries need. We can speak only for wool.

Mr. POAGE. That has been so much of the attitude of so many of others in the past. There has been somewhat of a feeling among some people that after all, if we give some of these groups just what they want, we will never hear from them again when anybody else has some trouble. I am afraid that you are now giving us an indication that is exactly what we will hear from you because you are very careful to point out that you are not going to settle anybody else's problem.

Mr. CROWDER. We do not feel that we are qualified to discuss any other problem.

Mr. POAGE. We know all of the reasons for evading doing anything about anything else. We understand that you can talk around it and say that you are not concerned. But if we had the same type of bill for direct payments to cotton producers, would you be for that? You may hope that you can avoid everybody else's trouble, but I think that the basic trouble with the wool industry is the same as has been the trouble with the cotton industry. We can each cut down production, but the same chemists that make products to take the place of cotton can make them to replace wool. They can make the same machinery, and they can make the same kind of substitutes.

So I think it might not be as you have hastened to assume, that you have not any interest in anybody else's program. I am interested in both programs. This is not the end of our concern here.

I wish that you people felt a little more definitely that you are a part of agriculture, that you are a part of the producers of the United States and that you have got something common with them. That is all I am trying to say.

We are glad to have your views.

Mr. JOHNSON. I wish to say that I agree very much with you. We notice it right in the dairy industry. The milk people get the Federal orders, and they are not too much interested in manufactured milk.

Mr. POAGE. It proves itself in that way.

Mr. HILL. I would like to extend this discussion a little further. For the cotton people, I voted to support their program, except when I thought they were clear out of line. But they have not come up with an unanimous agreement on cotton.

I do not know a thing about cotton. As you have said you are not qualified to make a statement on that. I am not, either. All I am qualified to say that whenever cotton—I am speaking for myself, not for the committee, comes here with the manufacturers of cotton goods, the processors, and they will agree with my friend Poage's cotton growers, I will be the first one to say, "Let us try compensatory payments on cotton." But they do not agree like you this morning, and my own idea was when I read who was coming in, I supposed you were going to fight the program from start to finish until I looked at your testimony. I didn't believe it.

Let me say to my colleague that I love, whenever the cotton people can show me that we can work a cotton industry program by compensatory payments, I think the wool people, because I think they are broadminded and they are reasonable, and hard working—I am

talking about the producer now, not the processor—would all line up to assist the cotton industry.

I think Mr. Poage is 100 percent correct, there is no way of solving the agricultural difficulties that we are in, in the United States today without the cooperation of the overall group. And we haven't got it even in the farm organizations. So you cannot blame this committee for having difficulty when the farm organizations that have been in existence for years, cannot sit down and help us as a group to work out the program. So I think you are on solid ground when you say your organization has not the information to tell Mr. Poage this morning—I mean you are not in position to say that you would support what he is talking about until you have more information. That is my position, too.

Maybe we will come to compensatory payments. There is a revolution in the thinking on how to solve these problems. I would just like to take time, if I had it this morning, to tell you what has come to my desk since this session began. You would not believe it—revolutionary ideas. Maybe we will come to them.

Let is not say you are not on solid ground. I think I am on sound ground.

We worked out a good program for sugar beets. That is our job. We have to tailor the program to fit cotton.

I think that your testimony is good.

I am more than happy that you support the wool producers 100 percent and say that you think this program should continue.

Mr. CROWDER. We are 100 percent of that opinion.

Mr. HILL. Thank you.

Mr. DIXON. Yesterday we talked about synthetic fibers and we didn't have time to clear up some little confusion that we had.

When you speak of advertising competitive fibers, like you did in your fine testimony here, did you include cotton?

Mr. CROWDER. No, indeed. Might I ask Mr. Anderson to elaborate on that?

Mr. ANDERSON. Mr. Chairman and members of the committee, we in the wool industry do not look upon cotton with either fear or disfavor.

Cotton and wool are the two great natural fibers that are produced and used in this country. Each has its place. And we would not attempt in my opinion in the wool industry, any part of it, to engage in any advertising campaign intended to displace cotton from the place that it has in our domestic economy.

The great problem in the wool industry today is the great increase in the production of manmade fibers which are directly competitive with both wool and cotton. And those fibers are being widely advertised. And the very merit that wool possesses, in my opinion, justifies the use of advertising and promotion to tell the consuming public of this country something about the merits of wool fiber. That is why I believe so strongly that we should continue the advertising program so that wool will take and keep the place in which it belongs in our consumer demand.

Mr. DIXON. If we do not include cotton as a competitive fiber what do you include as competitive fibers?

Mr. ANDERSON. Principally, the manmade fibers, synthetics. They have made tremendous inroads into the use of wool and have

resulted in a great deal of confusion in marketing the products of wool because the claims that are made for the merit of this synthetic fiber or that one confuses manufacturers, confuses clothing retailers, and confuses the buying public. So they don't know what to buy. And when they don't know what to buy, unfortunately, they wind up buying little or nothing.

Mr. DIXON. That is a very fine statement.

Now, Mr. Crowder, you raise this point as to 708, and so forth. What has been your experience there, in not having it entirely voluntary? What has been your experience, as to what has been done elsewhere?

Mr. CROWDER. Well, sir, if I may again defer to Mr. Anderson, he has been in the wool business actively for over 50 years. I think he is familiar with the history of this problem, and would you care to comment on that?

Mr. ANDERSON. I would be very happy to. Somebody has said, "Why should the wool producer spend his money to advertise his product? Why isn't that advertised and done further along in the industry, retailer, the manufacturer?"

I don't think I can give you the answer as to why he should, but I do know that for many, many years the wool producers in this country, the organized groups, the National Wool Growers Association, and other grower associations, have been actively interested in attempting to carry on a program of advertising that would reach the consuming public.

Mr. DIXON. In other words, the public needs to be unconfused, is that it?

Mr. ANDERSON. That is right. That is right. That is what advertising does. It is a matter of common knowledge that the things that are well advertised are half sold. That is what the people go for, provided they are convinced that the product being advertised has merit and we in the wool industry do not have to worry about the merit of the product that we produce in this country, distribute and manufacture. With proper advertising I believe that wool will maintain its proper place in consumer demands.

There is nothing new about that. I myself for more than 25 years have worked with woolgrower organizations in attempts to develop some method of getting contributions from sheep men on what is termed a voluntary basis. Well you know, there isn't any kind of a contribution, or almost no kind of contribution that is wholly voluntary. Somebody has got to do something about it.

Mr. DIXON. This measure would permit the sheep men to vote their approval, would it not? Do any of you gentlemen know of any experience on checkoff in other parts of the world on wool?

Mr. ANDERSON. I am told that in the great wool producing country of Australia, some money is withheld from every wool producer by law. The Government of Australia was sufficiently interested in the production of wool in that country, so that the Government down there passed a law requiring that every woolgrower do that.

Mr. DIXON. Is it by the woolgrower?

Mr. ANDERSON. I think it is a special deduction diverted to a special use. I cannot answer that definitely. I have never seen the language of the law and I do not know how it is phrased.

In our country, fortunately, our Government has recognized the value of the wool industry. And the Wool Act of 1954, provided a means for the wool grower to make a contribution to this advertising effort only as was quite proper here in this country we did it in the the democratic way, and authorized the growers by referendum to make his own decision. But the voluntary method, so-called, obtaining contributions for wool advertising has not worked in my opinion because there are too many wool growers, they are too scattered. Somebody would have to go to each one of them and say, "We want a little money for this and that." It is too big a job. By this process you have got a concentrated effort.

With the backing of the Congress, with the assistance of one of the great Government departments, the Department of Agriculture, and they can focus the attention of all wool growers at one time on this particular feature. And in the case of the Wool Act of 1954 it did the job.

Mr. DIXON. If I might ask you another question. Are the woolen mills laying off men?

Mr. ANDERSON. Beg pardon?

Mr. DIXON. Are the woolen mills having to reduce their forces in this present financial difficulty?

Mr. ANDERSON. Oh, yes, I think there has been some reduction in staff, in help. Being somewhat of an optimist, I guess I would not be in the wool business if I were not, I think there are signs of a little recovery in a good many of our wool manufacturing plants.

Mr. DIXON. The extension of this act would have a direct effect upon aiding that recovery, would it not?

Mr. ANDERSON. No. I do not think that the passing of this act or the extension—of course, the present Wool Act is still in effect.

Mr. DIXON. I mean the extension.

Mr. ANDERSON. Yes. It might have a long term effect on the prosperity of our wool manufacturing industry.

Mr. DIXON. And unemployment as well?

Mr. ANDERSON. Yes.

Mr. DIXON. I appreciate your fine statements.

Mr. ANDERSON. I think that would be a very indirect effect.

Mr. POAGE. If there are no other questions we are very much obliged to you and to your associates for coming here.

Mr. CROWDER. Thank you, sir. Thank you very much.

Mr. POAGE. I see Mr. O'Dunne is now with us. He represents the National Association of Wool Manufacturers.

STATEMENT OF EUGENE O'DUNNE, REPRESENTING NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, WASHINGTON, D. C.

Mr. O'DUNNE. I am pinch-hitting here today, and I would like to apologize for not having copies of the statement for the chairman.

Mr. Wilkinson of the association had intended to be here. When it was ascertained he was unable to be here he promised to send 50 copies down, but our mails have not come through.

My name is Eugene O'Dunne; I am a lawyer in Washington. I am counsel for the National Association of Wool Manufacturers, and I am reading on behalf of Mr. Edwin Wilkinson, the executive vice

president of the National Association of Wool Manufacturers, his statement.

Mr. Wilkinson regrets that his plans to come here today had been changed at the very last moment. I will now read his statement. It is very brief.

The National Association of Wool Manufacturers favors the extension of the Wool Act of 1954. In 1954 we endorsed the President's proposal to provide direct incentive payments in such a manner as to permit the free flow of domestic wool to market through normal channels at market prices. We still believe this to be the most effective system yet devised to achieve the expressed purpose of the Congress in the national interest.

Exports of wool of the sheep are negligible. Thus it will be seen that American processors of wool are virtually the only customers of the domestic producers.

During the time of the operation of this present act substantially all the wool of the sheep produced in the United States has been moving into channels of consumption rather than into a Government warehouse for storage. Further, practically all of the wool that accumulated in Government storage under prior programs has moved out into the industry for use.

We believe the incentive payment portion of the present act has worked well by bringing a new sense of confidence to the American wool producers. This new confidence must be maintained if the expressed purpose of the Congress is to be achieved.

However, while I realize it is not the subject of this hearing I cannot resist warning the Congress that unless immediate and improved means of equalizing the foreign textile producers' low-wage advantage over the American mills, the wool growers customer, is forthcoming and sufficient to halt or reverse the trend to liquidation we may all be whipping a dead horse.

Mounting imports of wool textiles from these low-wage sources are discouraging to manufacturer and grower alike. Our mills are losing position in our home markets to producers who, were their plants in the United States, would not be allowed by law to ship a yard of goods or a pound of yarn from one State to another because of their wage levels.

Returning to this instant measure, we do believe, however, that the position we took 4 years ago when this committee first considered the act was sound and that time has proven the need for Congress to change one portion of the measure.

At that time, we questioned the necessity or desirability of limiting the total payments under the act to an amount within 70 percent of gross receipts from specific duties collected under schedule 11. Our point is that a program such as this should not be subject to an arbitrary limit which can defeat the very purpose of the law.

We, therefore, would recommend that the committee closely question those we have been in charge of administering the act, and if this limiting factor has played a part in restricting assistance to the growers or is likely to be a determining factor in future administration of the program that this portion of the act be changed to provide sufficient funds for its proper operation.

Within the scope of proper operation I would place wool promotion and advertising. Many new fibers have become available to textile manufacturers in important volume since World War II. Many of these new and proprietary products are suitable for use and are being used in increasing quantities on the woolen and worsted systems of manufacture. Being proprietary products with privately owned names and subject to relatively rigid production and distribution control they are being lavishly promoted to the trade and to the consumer.

There is nothing wrong with this, provided claims as to their virtues are kept within reasonable bounds, but it does present new problems with many facets to the producers of natural fibers such as wool. When one takes into consideration the number of people engaged in wool production and the multitudinous grades, types, and styles of wool produced by them for a wide variety of uses in combination with the methods by which wool is competitively marketed, it seems apparent that only through cooperative effort is there any real hope of offsetting synthetic fiber promotion.

On the basis of personal observation of prior efforts to organize the necessary degree of cooperation among growers, I have no hesitancy to assert that the plan for cooperative wool and lamb promotion incorporated in this act has by far the higher probability of realization.

Thus, in subscription to the stated purpose of the act and for the above reasons, we urge continuation of the incentive payments program.

That concludes Mr. Wilkinson's statement on behalf of the National Association of Wool Manufacturers.

Mr. POAGE. You not only favor direct compensatory payment but you recognize the money should be available from certain predesignated sources?

Mr. O'DUNNE. That is correct.

Mr. POAGE. And that you would support direct compensatory payments even though the money comes directly out of the Treasury?

Mr. O'DUNNE. That is correct.

Mr. POAGE. And that you feel that the promotion program is good, too?

Mr. O'DUNNE. That is correct, sir.

Mr. POAGE. Well, I thank you very much. Are there any other questions? If not, we are very much obliged.

We are now honored to have with us the distinguished Senator from the State of Wyoming.

I would like to have a statement from Senator Barrett.

**STATEMENT OF HON. FRANK A. BARRETT, A UNITED STATES
SENATOR FROM THE STATE OF WYOMING**

Senator BARRETT. Mr. Chairman, I am very pleased to have the opportunity to say a word on behalf of the bill extending the Wool Act at this time.

I served with a good many of you gentlemen on the House side for many years, and I may say, Mr. Chairman, that I spent many happy days on the House side. Sometimes I regret that I left the House for other public service.

Mr. Chairman, I am intensely interested in this legislation. During the 15 years since I first came to Washington the woolgrowers of the country as well as other segments of our agricultural economy have encountered some very perplexing problems.

I have endeavored to find some method whereby we could protect the growers of wool in this country against competition from wool produced abroad particularly in those countries where labor costs are much lower and taxes much less than they are in this country, and in fact where all other costs of production were lower than here at home.

Personally, I would have preferred to have set up a system of quotas, something along the lines of the Sugar Act, or second, an adequate tariff possibly in conjunction with a quota.

I realized after many years of effort that it was almost impossible to get legislation along that line enacted because of opposition, mainly from the State Department.

Accordingly, we found ourselves in the position where the sheep industry had declined in numbers from 49 million head in 1943 to 26,270,000 head in 1953, and that represented a drop of 50 percent in the total sheep population of the country in that 10-year period.

Unfortunately, during the war when every other industry was enjoying a high measure of prosperity, the OPA set a ceiling price on wool at 42 cents a pound at the time of Pearl Harbor and maintained that same figure all during the war.

Costs went up, skyrocketing in fact, and many people left the sheep business to engage in the cattle business. As a consequence, the numbers declined as I stated a moment ago. We found ourselves

in a position where something had to be done if we were to save the sheep industry for complete liquidation. And as a result we worked out the Wool Act that takes a certain portion of the tariff on wool and wool manufactures and uses it to make incentive payments to woolgrowers on a level that will encourage them to a point where they will produce in the aggregate 300 million pounds of wool a year. The incentive figure has been set at 62 cents a pound average price, grease wool. Since the act was put on the books it has operated in my judgment in a very satisfactory fashion.

Woolgrowers, large and small in every State in the Union, have received benefits under the act. Thousands upon thousands of farmers who run small bunches of sheep participate in the program and they get material benefits which help them in carrying on their farming operations in a fairly successful fashion.

It appears to some people who are not well versed in the industry that the sheep business is practically entirely a western industry. The fact of the matter is that if you take the aggregate number of sheep that are run on farms in the heartland of our country such as in Indiana, Ohio, Illinois, and all through the East and even the South, to some extent, that you will find that the farmers who run from 50 to 100 head of sheep produce more wool and more lamb than we do in the West.

So I say this program has been of great benefit to farmers all over the country. It has worked very successfully.

Mr. CHAIRMAN, I do not know of any other way that we can provide a measure of encouragement to the producers of wool and lambs in this country and give them the protection needed so that they can compete with foreign producers and in this fashion be assured that they can get just about a third or a little more of our own market here at home.

I do not quite agree with the statement made a moment ago by my good friend, Gene O'Dunne, that we ought, if necessary, to resort to direct appropriations out of the Treasury to finance the Wool Act.

I say that for this reason: For more than 20 years now we have been using 30 percent of the tariff receipts on wool and other commodities to finance some 86 other agricultural commodities. As a matter of fact, about a billion and a half dollars have been expended over that period of time to help various agricultural commodities under section 32 of the Agricultural Adjustment Act—and I think wisely and properly. I am entirely in accord with that procedure. It is only in the past 3 years that wool has been able to get the same benefits as these other 86 commodities by the provision in the Wool Act which sets over 70 percent of the custom receipts on wool imported into this country in competition with the wool produced here at home to be used to make the incentive payments.

It is true that under the present law that 70 percent of the tariff receipts on wool and wool manufactures may well be inadequate to finance this program. But the present law applies only to the specific duties on wool and wool manufactures. That is, the tariff at 25½ cents a pound clean wool coming into this country and the tariff on fabrics coming into this country or partially processed wool coming into this country in the form of yarn, at the rate of so much a pound.

It seems to me that the act should be amended at this time to provide not only that the specific duties on wool and wool products should

be dedicated to finance this program but that in addition we should take the ad valorem tariff on wool and wool manufactures and dedicate it also to the support of this program. By that I mean only 70 percent of the ad valorem on wool and wool manufactures.

I say that is proper because after all the wool manufactures come into this country are as much competition to our sheep industry as wool that is produced elsewhere because manufacturers abroad use foreign wool to make the woolen goods that come in here and have to a large extent taken over the market.

I can call your attention to the fact that over the past 11 years some 280 American woolen mills have had to close their doors because they were unable to compete with the foreign manufacturers where labor costs are much lower than here at home.

So I think that the tariff on wool and wool manufactures, not only the specific duties but the ad valorem duties ought to be used to do double duty. No. 1, to protect in a small way the producers here at home, and No. 2, to pay for the incentive payments under the Wool Act. And so I hope, Mr. Chairman, that your fine committee here will give consideration to amending this act and using 70 percent of not only the specific duties but the ad valorem duty as well on wool and wool manufactures imported into this country to finance the Wool Act as extended.

There is one other amendment that I would like to take a moment to discuss. When this bill was up in the Senate 4 years ago we passed it on 2 different occasions and in both bills we provided no limitation on the life of the act; in other words, it was in a way intended to be a permanent act. When it came over here this committee in its report indicated that while it did not mean for the act to be a temporary measure in any way, still it thought there ought to be a limitation of 4 years put on the life of the act, so it could take another look at it to see how it was operating.

Now we have had a chance to take a look at it. We have found it has worked out very well and it seems to me that it would be wise if the committee in its good judgment could see its way clear to extend the act and take the time limitation off.

I did not have a prepared statement, Mr. Chairman, but I certainly appreciate the opportunity to come over here and to appear before you gentlemen again and to say a word on behalf of this great industry. I know that you are well aware of the situation confronting the industry. I can say to you as a result of my study of this matter since I have served in the Congress, but also my experience over many years in the industry itself, that unless we get this legislation through that this segment of our agricultural community will be in a mighty bad way.

Thank you very much.

Mr. POAGE. We are always glad to have you come before this committee. We hope you come back any time you see fit to. It is a matter in which we know you have a deep interest. I did want to get your view on one point. It was said before you came in that woolen fabrics were faced with serious competition from synthetics. Of course, I think that is true. I gathered from your statement that you do not think there is any threat?

Senator BARRETT. Oh, no, Mr. Chairman, I didn't mean to leave that impression. If I did, I want to correct it here and now.

Mr. POAGE. I don't want to misconstrue what you said.

Senator BARRETT. I know that, Mr. Chairman. I realize full well that we have very serious competition from synthetics. That is the main reason why a tariff probably isn't the adequate answer to this problem. If we had a tariff that would be effective at the present time it would of necessity be so high that it would open the door to widespread opposition from the synthetics.

Mr. POAGE. That is exactly the point I wanted to ask you about, how you would meet this synthetic threat? You imply raise the price by the tariff. We understand you can raise the price to a dollar a pound easily enough by shutting off everything else.

Senator BARRETT. That is right.

Mr. POAGE. But I do not think that we would sell much wool because Du Pont could undersell you.

Senator BARRETT. You are exactly right.

Mr. POAGE. From that standpoint, I was wondering if you could suggest—whether the tariff was a preferable method or not—in view of that if you think of any method that is preferable to this direct payment method?

Senator BARRETT. Yes, I indicated that the quota system if you could work one out, would be preferable to the incentive payment method.

By a quota system we could insure that the producers of wool in this country would have the first opportunity to sell their product in the American market and then the doors would be opened to foreign producers. We worked a plan of that kind pretty well with sugar, as you well know. And I believe that it could be done and made to work at least with a combination of tariff and quota. But as a practical matter, we cannot get the legislation through. That's the whole thing in a nutshell. The State Department would not go for it.

Mr. POAGE. Are there any further questions?

We thank you very much, Senator.

Mr. HILL. I would like to say that I consider the Senator from Wyoming one of the finest experts in the wool industry who have appeared before this committee. I would like to recall to your mind that you stood before this committee with tears in your eyes and your voice when they froze the price of wool during World War II at a 20-year low. That really broke the back of the wool industry in our area.

Senator BARRETT. I remember that very well. And I remember the great help that the distinguished Congressman from Colorado gave to the industry at that time. Of course, everything turned out precisely as we anticipated then. I thank my old friend for his very kind words and thank you, too, Mr. Chairman.

Mr. HILL. You will recall the area in the West where you and I live—we lost 38 percent of all of the large herds or bands or flocks of sheep in the West, over a period of less than 10 years.

Senator BARRETT. That is exactly right.

If I might take just one more minute, Mr. Chairman, because your State of Texas and Wyoming are identical in many respects.

We both are great producers of wool. You produce much more than we do. We are great producers of cattle. And you produce more than we do. Texas is a bigger State than Wyoming, about 5 times as big. That is the whole thing in a nutshell.

If you were no bigger than Wyoming we would probably have more sheep and more oil than you do in Texas. Anyway, you have it.

Here is the point. You drive these fine citizens out of the sheep business and they have to go some place. Their land is good only for one purpose, that is, to graze livestock. So they had to convert from sheep into cattle. And that would demoralize the cattle industry.

We have to keep things in balance and this law is working out in good shape and I hope that we can keep it on the books. After all, it is alright to say, we would rather do it this way or that way but as a matter of fact this is the only thing we can do. And so we better do the thing we can do and keep this industry on its feet.

I thank you for your kindness and courtesy, Mr. Chairman, and I appreciate the opportunity to be heard.

I will leave it to my old friend, Congressman Clark Fisher—he was my leader here when I was over here in the House when it came to sheep or wool matters.

Mr. POAGE. At any time we are always glad to have you come back here.

Senator BARRETT. Thank you very much.

Mr. POAGE. Now we will hear from Mr. Jackson of the National Grange.

STATEMENT OF C. W. JACKSON, DIRECTOR OF PUBLIC RELATIONS, NATIONAL GRANGE

Mr. JACKSON. I am C. W. Jackson, director of public relations for the National Grange.

I, certainly, appreciate this opportunity to meet with this committee and to give you the Grange views on this proposed legislation. And we did have a statement prepared. However, to be perfectly frank most everything we had prepared to say has already been said much more effectively, perhaps, than we would say it, by others who have testified previously.

So with your permission I would like just to highlight this statement and then have it made a part of the record, that is, the statement as a whole.

Reading from page 2 of the statement:

For many years the Grange has advocated the commodity-by-commodity approach to the farm problem. We have also recommended that "self-help" mechanisms, wherever possible, should be a basic feature of farm program planning, and that programs should be designed to channel income to farmers from consumers—rather than from Government.

The Wool Act of 1954 provides these features. The Grange, therefore, supported this legislation at the time it was proposed and passed. And, today, after 3 years of experience with the program our support continues. We are glad to join sheep and wool producer associations in their almost unanimous request for an extension of the act for at least another 4 years. We feel that the extension of the act is justified from the standpoint of producers and the public interest.

Section 708 of the act authorizes a self-help advertising and sales promotional program when approved by producers in a referendum to increase the demand of domestic wool and lamb and to provide a higher price in a free market.

It is the belief of the National Grange that, whenever practical, commodity programs should include a self-help provision. We believe further that programs of sales promotion are a proper function of commodity groups.

We must realize that agricultural products are competing for the consumer's dollar with the products and services of other segments of our economy, and that to enjoy our full share of consumer expenditures, we must aggressively promote and advertise our products. We, therefore, give our wholehearted endorsement to section 708 of the National Wool Act.

The committee—by the way, we want you to recognize this point—may want to consider the advisability of changing the formula for earmarking tariff revenue from imported wool and woollen items used to finance this program in such a way as to provide slightly more money than is now provided.

That statement by the way was written before we had heard Congressman Fisher and others make specific suggestions in that regard.

And now to summarize, the Wool Act of 1954 is in accord with the farm program philosophy of the National Grange. During a short period of 3 years it has halted the liquidation of flocks, developed a strong demand for breeding stock, increased producer income, reduced Government cost, eliminated Government wool purchases and stocks previously acquired, returned wool market responsibilities to private trade, encouraged quality production and improved marketing procedures, and has provided producers with a self-financed mechanism to increase the consumption of wool and lamb.

This is encouraging progress, and we believe that an extension of the act will be in the best interest of sheep producers, the general economy, and national welfare.

Thank you very much, Mr. Chairman.

Mr. POAGE. Your entire statement will be made a part of the record at this point.

(The statement referred to is as follows:)

STATEMENT OF C. W. JACKSON, DIRECTOR OF PUBLIC RELATIONS,
THE NATIONAL GRANGE

The National Grange supports the extension of the National Wool Act of 1954. This support is based upon the action of our delegate body assembled in annual session at Colorado Springs, Colo., in November 1957. At that time the delegates adopted this resolution:

"The Wool Act, enacted in 1954, will expire on March 31, 1959. We believe that this legislation has proved successful and should be renewed for the following reasons:

"1. The Wool Act has met with acceptance by wool producers.

"2. The act provided a producers' financed fund to promote consumption of American produced wool and lamb through research and improved merchandising procedures.

"3. The act has encouraged improved wool-marketing practices including increased use of wool producers own cooperatives.

"4. The act has eliminated expenses involved in CCC wool purchases and has enabled the CCC to move almost all surplus stocks to channels of consumption.

"5. The act permits use of American markets to sustain an American level of return on the basis of consumption by Americans while permitting normal trade channels to function so that prices are established in the market, utilizing American selling ingenuity and private initiative in market expansion and development."

For many years the Grange has advocated the commodity-by-commodity approach to the farm problem. We have also recommended that self-help

mechanisms, wherever possible, should be a basic feature of farm program planning, and that programs should be designed to channel income to farmers from consumers—rather than from Government.

The Wool Act of 1954 provides these features. The Grange, therefore, supported this legislation at the time it was proposed and passed. And, today, after 3 years of experience with the program our support continues. We are glad to join sheep and wool producer associations in their almost unanimous request for an extension of the act for at least another 4 years. We feel that the extension of the act is justified from the stand-point of producers and the public interest.

Primary objectives of the act are to (a) provide a measure of national security, (b) promote general economic welfare, (c) encourage the annual production of 300 million pounds of shorn wool—grease basis, (d) provide prices fair to both producers and consumers, (e) and to do all this in a manner that will have the least adverse effect upon foreign trade.

Encouraging progress toward each of these objectives has been made.

To properly evaluate the program, we must consider conditions existing at the time the act was passed. Between 1942 and 1954, sheep production in the United States dropped 45 percent. Producers, caught in a cost-price squeeze, were liquidating their flocks at a rate which threatened national security. This liquidation of flocks has been halted and we look for production to turn upward.

During this period, while domestic producers were being forced to liquidate their flocks, wool imports were on the increase. Even though domestic consumption increased, more and more American wool was going into Government ownership at the taxpayer's expense, and by 1955 more than 150 million pounds of United States wool were under the control of the Commodity Credit Corporation.

The program authorized by this act has permitted all domestic wool to go into regular channels of private trade. Furthermore, the trade has absorbed current production plus the 150 million pounds from CCC holdings, and since mid-December the Government has been out of the wool business.

All this represents excellent progress for a program which has been in operation less than 3 years.

One charge against the program has been that it has not increased sheep numbers or wool production. This charge fails to recognize many adverse and abnormal conditions sheepmen have faced during the period this program has been in operation. It fails, for example, to recognize the impact of one of the most severe droughts ever to hit the major sheep producing areas of the West and Southwest. Those making this charge fail to point out that other livestock numbers were reduced sharply in those States where sheep production dropped an average of only 3 percent. The facts are that sheep numbers have increased by almost 6 percent in those 35 States not so severely affected by the drought. Furthermore, we must remember that current reports on sheep numbers are based largely upon surveys made while drought conditions still existed. The statistical reports give no indication of producer plans for the immediate future. But current reports from the major sheep-producing areas indicate that flocks are being reestablished. The demand for ewe lambs and even for old ewes is stronger than it has been for many years. Section 708 of the act authorizes a self-help advertising and sales promotional program when approved by producers in a referendum to increase the demand of domestic wool and lamb and to provide a higher price in a free market.

It is the belief of the National Grange that, whenever practical, commodity programs should include a self-help provision. We believe further that programs of sales promotion are a proper function of commodity groups. We must realize that agricultural products are competing for the consumer's dollar with the products and services of other segments of our economy, and that to enjoy our full share of consumer expenditures, we must aggressively promote and advertise our products. We, therefore, give our wholehearted endorsement to section 708 of the National Wool Act.

The committee may well want to consider the advisability of changing the formula for earmarking tariff revenue from imported wool and woollen items used to finance this program in such a way as to provide slightly more money than is now provided.

If wool averages nationally slightly better than \$0.50 per pound in the market place, the money provided by the act from tariff revenues will be sufficient to support a total income for wool at a national average of \$0.62 per pound. There is a possibility, however, that wool will not average \$0.50 per pound on the open market in the years ahead. Therefore, unless a modest increase in revenue is provided it will necessitate a cutback in the incentive payments.

To summarize, the Wool Act of 1954 is in accord with the farm program philosophy of the National Grange. During a short period of 3 years, it has (a) halted the liquidation of flocks, (b) developed a strong demand for breeding stock, (c) increased producer income, (d) reduced Government cost, (e) eliminated Government wool purchases and stocks previously acquired, (f) returned wool market responsibilities to private trade, (g) encouraged quality production and improved marketing procedures, and (h) has provided producers with a self-financed mechanism to increase the consumption of wool and lamb.

This is encouraging progress, and we believe that an extension of the act will be in the best interest of sheep producers, the general economy, and national welfare.

Mr. POAGE. Mr. Jackson, I take it that you and your organization, National Grange, believe that the promotion program has been a success, and you would favor it being continued.

Mr. JACKSON. That is a feature of this program that has been very effective, we feel.

As a matter of fact, Congressman Poage, the Grange advocates, as I think you know, the use of any economic device or combination of devices that might help solve the problems of a particular or a specific commodity and that does not exclude the incentive payment.

Mr. POAGE. I know that you do, and I am glad to hear that the Grange recognizes that. I believe that you are doing a good job.

The next witness is going to be Mr. Baker of the National Farmers Union.

Mr. FISHER. If I may, Mr. Chairman, while Mr. Jackson is here—

Mr. POAGE. Yes, Mr. Fisher.

Mr. FISHER. I would like to point out to the committee, if I may—I would like to call attention to the fact that Mr. Jackson was recently sent to Washington by the National Grange.

He is a highly recognized authority on all phases of agriculture. He is a native of east Texas.

And I might add that he pointed out to me yesterday that in recent years there has been a definite trend toward an increase in small sheep herds on the smaller farms all over the country.

That seems to me to be a healthy and a desirable trend.

Thank you, Mr. Chairman.

I believe we are very fortunate in having Mr. Jackson speak before the committee. He knows the subject very well and I am sure that his testimony will be helpful.

Mr. POAGE. I want to concur in what you said, Mr. Fisher.

Mr. Jackson, we thank you.

Are there any questions?

(No response.)

Mr. POAGE. Then we do thank you again, Mr. Jackson.

(Witness excused.)

Mr. POAGE. Our next witness is Mr. Baker of the National Farmers Union.

STATEMENT OF J. A. BAKER, DIRECTOR, DIVISION OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. BAKER. Mr. Chairman, it is always a pleasure to appear before this committee and each of its subcommittees. I am glad to be here this morning.

Mr. POAGE. And we are glad to have you here, Mr. Baker.

Will you proceed, please.

Mr. BAKER. The Farmers Union endorses the various bills that have been introduced to extend the Wool Act for 4 additional years.

Members of your committee are thoroughly familiar with the implications to national welfare and security if the Wool Act is not extended.

As you know, in the years ahead, without a continuation of the combination of import controls and parity income deficiency payments incorporated in the program for wool, market prices of wool in the United States will not rise above the world price, income of United States wool growers will drop drastically, and domestic wool production will almost disappear. The situation could, of course, be remedied with constructive action by the executive branch under the Agricultural Act of 1949, as amended, and section 22 of the Trade Act. But the only way we can be assured that necessary action will be taken to meet the clear and present danger of economic distress among wool growers is through enactment into law of the needed measure to extend the Wool Act.

The need for extending the Wool Act is matched by similar needs to improve the depressed farm income situation generally and to solve similar adverse conditions of various other farm commodities.

We present the following principles that we urge for your consideration in connection with your deliberations on extension of the Wool Act and on other proposed legislation to improve farm income:

1. Parity farm income should be the goal. Price parity formulas should be replaced by income parity formulas based on the definition in existing law.

2. The best chance farmers have to earn a parity of income is to acquire greater control over the price and supply of their commodities. This applies to wool as well as other commodities.

3. Farmers generally need and desire the assistance of Federal programs and devices such as the Wool Act to improve their market position and greatly strengthen their bargaining power in commodity markets.

4. Commodity programs for stronger bargaining power must be carefully tailored to the unique needs and characteristics of particular groups of economically related commodities, and of separate individual commodities. This has been done in the case of wool but has not been applied to lambs and mutton.

5. When several individual commodities are closely and economically interrelated, such as feed grains and livestock, they should be handled within a single integrated commodity-group program. The provisions of the Wool Act should be adopted in workable ways to cotton.

6. The several individual-commodity and commodity-group programs should be brought together, as your committee contemplates, into a comprehensive one-package overall system of farm income improvement legislation and operations. Such a bill and program

would not be complete if extension of the Wool Act is omitted from the comprehensive farm income improvement program.

7. The law should spell out the specific lower limit of income protection below which farm income shall not be permitted to fall and the specific upper limit above which farmers would not be allowed to raise prices by exercise of their federally aided bargaining power. This is provided for wool in the Wool Act as now written.

8. Workable devices to enable farmers to keep market supplies in balance with demand are needed so that the income-protection program per se will operate without cost to the Federal Treasury, in years of full prosperity and full employment. Operation of the combination wool program is not a net cost to the United States Treasury.

9. Authority to use parity income deficiency, or other compensatory payments in workable combinations with price supporting loans and purchases is needed as a safeguard to consumers in periods when market demand drops from growing unemployment owing to economic recession or depression and to reduce the attraction of the United States market to unusual and unnecessary imports. Such payments are a central feature of the wool program.

10. The several phases of the system of commodity programs should be designed to fit the needs of economically adequate family farms but should not extend unlimited eligibility to larger than family size industrialized agricultural production units. This provision should, we feel, be added to the Wool Act, when it is extended. This could take the form of a maximum limitation upon the total wool payment to any one producer in any one year.

11. Safeguards should be provided to prevent destruction of the commodity programs by unlimited imports at prices less than the parity income equivalent level. This consideration is adequately fulfilled by the combination wool program under the act.

These principles, we are convinced, merit the broad support of taxpayers and consumers as well as farmers. As such, we believe that the legislative proposals which embody them will gain sufficient support in Congress to bring about ultimate enactment into law.

Farmers Union seeks to avoid unproductive controversy over details of legislative language and administrative mechanics. Our purpose is to concentrate on constructive action to improve farm income beginning this year. To allow the Wool Act to expire would be to reduce, not improve, farm income.

We are encouraged by the growing development of unity of purpose and action among representatives of farmers. We have been privileged to participate informally in joint efforts and meetings with the National Grange and with 35 or so individual-commodity producer groups of the conference of commodity organizations, including the woolgrowers association.

We extend to your committee our full cooperation to develop farm income improvement proposals, including an extension of the Wool Act, that can command the broad congressional support required for enactment.

At this time, I have the privilege and pleasure to read you the statement on the Wool Act of Mr. Oren Wright, a member of Indiana Farmers Union and the National Farmers Union representative on the American Sheep Producers Council.

I am now going to read Mr. Wright's statement.

Mr. Chairman, members of the committee, I am Oren A. Wright, a purebred-sheep breeder and farmer. I live at Greenwood, Ind. I am the National Farmers Union representative on the board of directors of the American Sheep Producers Council.

Thus, both as a grower, as the designated representative of a national general farm organization, and as a member of the board of the organization set up within the entire sheep producing industry to activate section 708 of the National Wool Act of 1954, I have participated in the activities and benefits of the program established under the act.

The Farmers Union supported the original enactment of the National Wool Act. We believe that during the short period in which the Wool Act has been in effect, we have seen proof that it is an excellent instrument for restoring price stabilization to a livestock industry with two separate commodities to market.

Remembering that payments for only two marketing years have thus far reached the growers, it is easy to conclude that the results thus far have been excellent and that only more time is needed to show the act fully effective as a method of stabilizing a basic industry and increasing the production to a needed goal.

Incentive payments utilized for wool fit into the pattern of the need program to provide farmers a stronger bargaining power in the markets. In testifying, Mr. J. A. Baker, representing our organization before the Joint Economic Committee of the Congress as printed in their report of November 22, 1957, stated:

"Imports of competing farm commodities would have to be restricted at all times when the domestic market price was below the parity income equivalent level or alternatively, and preferably, a system of parity deficiency or production payments would have to be instituted or the two methods be used in combination as has been done in the case of wool and sugar."

There is no doubt in our minds that the incentive payments approach used in combination with a partial tariff protection has proven the economic soundness of this farm income protection method in regard to wool.

Being a two-product industry, incentive payments on the wool alone, of course, cannot fully solve the market place price problems of the entire industry when lamb income is such a major portion of the total income on sheep.

Thus, the industry's own effort in the American Sheep Producers Council through activation of section 708 plays a very important role in creation of demand and price stabilization for the industry's two products—wool and lamb.

I was an original member of the board when the ASPC was formed by the major industry producer organizations together with the general farm organizations, except one, interested in the welfare of the sheep industry to activate section 708 and develop a method of promotion as permitted by the law. Our organization helped with the educational work to the growers at the time a nationwide referendum of producers was held and in which more than 70 percent of the producers voting, who also represented more than 70 percent of the production, voted in favor of the promotion program and the method of using a portion of the incentive payment to finance it.

I served on the board as we then developed a plan of organization in the most democratic manner we could devise so that the producers and organizations in every section of the Nation could be represented by delegates and directors in relation to the amount of money contributed by the growers in their area.

I can testify that we have now developed what we believe to be a most democratic type of control by the growers of the expenditure of their money within the framework of the intent of the National Wool Act of 1954.

We believe it to be bringing stability to our market through better distribution of the meat production. The National Farmers Union, in working with this commodity group whose producers have given unstintingly of their time, as well as making the monetary contributions to make it possible, believe we have found a true commodity approach by an industry on its own behalf to commodity bargaining power.

We do feel that the funds available for continuation of the act may prove to be inadequate in coming years, and we fear that Department of Agriculture setting of incentive price levels may be too low to accomplish the purpose of the act unless Congress makes available more funds if needed.

We approve the approach which has been discussed in meetings of the producer organizations within this commodity group in that rather than restricting the effectiveness of the program, the Congress permit 70 percent of all wool duties including ad valorem, as well as specific, inasmuch as imports are competitive with American production, to be made available in order to make successful this

combination of partial tariff protection and partial production incentive payment approach.

The National Farmers Union recommends the extension of the Wool Act in its present form with the two suggested amendments to provide sufficient funds.

Thank you.

Mr. POAGE. Mr. Baker, we are very much obliged to you for your statement. It shows that your organization recognizes the desirability of the use of direct compensatory payments where they seem appropriate to be paid; and I am especially pleased to find that your statement takes notice of the fact that they should be used in other industries where they can in the way in which they have been used in wool.

I understand that your organization does favor that, because that seems to be the best method, or as a part of a method in combination with others, which may help the farmers' income.

Mr. BAKER. That is correct, Mr. Chairman.

Mr. POAGE. Any questions?

(No response.)

Mr. BAKER. Mr. Chairman, in response to a question that you asked another witness earlier:

Our endorsement of these bills with the 4-year extension does not mean that we would recommend that the Wool Act expire at a certain date and the cotton law be extended to another date and the milk bill of Mr. Johnson at still another date.

You know, Mr. Poage, I kind of consider that you and I and our national president are the fathers and initiators of the idea that all these laws ought to expire on the same date.

Mr. POAGE. And I would take judicial notice of the fact that your organization has had that viewpoint and I think it is a correct viewpoint.

Mr. BAKER. I would like the record to show that we would suggest that all parts of a comprehensive bill expire at the same time for the review of Congress.

Mr. POAGE. Any questions?

Mr. JOHNSON. I have one.

Now, what would be the view of the farmers—the National Farmers Union, your recommendation, as to taking care of wool; should that be by a bill for wool alone or in one bill with other commodities, Mr. Baker?

Mr. BAKER. Mr. Johnson, we very strongly feel that we have a total farm industry in this country and whatever the commodity, if a farm family is trying to make a living raising and selling their commodity, it is a very important commodity to that family.

The justice and fairness of the situation, the economics of the situation when you cannot really operate a program in splendid isolation from the economic standpoint does not make sense unless you have got similar programs for most of the other farm commodities.

And then, again, we are not at all sure that you can pass legislation if you try to take them up one at a time; and we do not want to go through this business of getting all shredded up and cut up in the process of consideration, by trying the one-commodity approach.

Mr. JOHNSON. I was very much interested, because that is the same view I had: to put them all together in one bill.

Mr. BAKER. And I am sure that you would agree, all of the commodities being in the same piece of legislation—but it does not mean that you have the same program for wool and milk.

You adapt the program for each of the different commodities covered, but let us all put our separate programs together into one bill and then we can have the consideration taken on the farm income problem as a whole.

Mr. POAGE. Are there any further questions?

(No response.)

Mr. POAGE. We are very much obliged to you, Mr. Baker, and to your organization.

Mr. BAKER. Thank you, Mr. Chairman.

Mr. POAGE. Are there any other farm organizations present who want to be heard on this matter?

Are there any representatives of the American Farm Bureau Federation present this morning?

(No response.)

Mr. POAGE. Is there anyone else who wants to be heard?

(No response.)

Mr. POAGE. I want it understood that we are not closing the hearings with this meeting, and there will be further opportunity for anyone to express his views on this wool matter.

We do not propose to close down these hearings without allowing everyone the opportunity to make a statement. We want to give them a full opportunity to express their opinions.

Mr. HILL. Mr. Chairman.

Mr. POAGE. Mr. Hill.

Mr. HILL. I think that I should say that, first of all, I want to express my appreciation to Mr. Poage, chairman of this subcommittee, for giving this opportunity to the woolgrowers and the sheep producers to testify while they are here in Washington, having come to appear before the other body, and I want all of you to know that Mr. Poage is very cooperative with some discomfort to himself that he made it possible for them to appear today.

I want the committee and everybody to understand how much the woolgrowers who have come a long distance appreciate your holding this meeting, Mr. Poage, and I want to say particularly that this being Abraham Lincoln's Birthday—I am glad to be here listening to this testimony, although perhaps I should have been out making Republican speeches.

We are happy to have such a large crowd. I might also say that the testimony, both yesterday and today, Mr. Chairman, was testimony that we can really appreciate and of great value to the committee.

The testimony, I must say, has been extra good.

Mr. POAGE. Now, Mr. Hill, I want to join you in expressing my appreciation to the woolgrowers and the producers for having appeared here.

They have done an excellent job, and they have given us very good testimony, and the committee will consider it very carefully.

Finally, I want to thank Mr. Matthews for presiding yesterday when I was unable to be here, and, also, I wish to thank all of the staff, who have gone to a great deal of trouble to help us out.

Mr. HILL. And I want to say, Mr. Chairman, that that goes for the ranking Republican member, and I want to say also that Mr. Matthews and the entire staff have been just as cooperative as they could possibly have been.

Mr. POAGE. The committee will now stand in recess, and we will have another meeting on this subject, I assure you.

(Thereupon, at 11:50 a. m., the subcommittee recessed to reconvene subject to the call of the Chair.)

(The following statements, data, and telegrams were submitted to the subcommittee:)

STATEMENT OF HON. ARTHUR V. WATKINS, A UNITED STATES SENATOR FROM THE STATE OF UTAH

Mr. Chairman, I appear here this morning in support of H. R. 10049. Because the committee must hear a good many witnesses this morning, I shall keep my remarks brief and to the point.

In section 702 of the National Wool Act of 1954, Congress declared:

"It is hereby recognized that wool is an essential and strategic commodity which is not produced in quantities and grades in the United States to meet the domestic needs and that the desired domestic production of wool is impaired by the depressing effects of wide fluctuations in the price of wool in the world markets."

The same provisions of law declared it "to be the policy of Congress, as a measure of national security and in promotion of the general economic welfare to encourage the annual domestic production of approximately 300 million pounds of shorn wool, grease basis, at prices fair to both producers and consumers in a manner which will have the least effect upon foreign trade."

Sections 703 and 704 authorize the Secretary of Agriculture, through the Commodity Credit Corporation, to obtain this level of domestic production by use of incentive payments. The payments, when added to the national average price received by producers, are to provide producers a national average return equal to the support level set by the Secretary.

Congress thus recognized that certain impediments, which are inherent in the nature of the wool industry, interfere with the natural price mechanism to such an extent, that the market alone cannot be relied upon to guarantee an annual domestic clip of 300 million pounds. For example, an incentive must be provided during the period of expansion of this industry, if producers are to be able to incur increased costs of (1) acquiring additional rangeland, (2) carrying out range improvements on presently held lands so as to increase forage yields, and (3) obtain competent herders at wages comparable to what these people can get in other occupations.

All these things must be done and growers cannot, over the relatively long period of time it takes to increase sheep numbers and thereby wool production, by themselves finance such an undertaking without at least a guaranty of receiving 100 percent of parity.

For this reason, during the 1955 and 1956 marketing years, the actual payment rates were set at levels (19.2 cents per pound and 17.7 cents per pound, respectively) which, when added to the national average prices received in the market place (42.8 cents and 44.3 cents respectively), would give growers a total return of 62 cents per pound, or 106 percent of parity. Preliminary data provided by the USDA indicate that the total return for the 1957 clip probably will be between 100 and 101 percent of parity.

I think it is appropriate for the committee to evaluate the progress which the industry has made during the past 3 years toward expanding production upward so as to provide an annual domestic clip of 300 million pounds of shorn wool. In this connection, I think it well to call to the committee's attention the last paragraph of the Department of Agriculture's favorable report on H. R. 10049 which reads as follows:

"With regard to the progress being made toward increased production of wool in accord with the intent of the act, sheep numbers and wool production continue at low levels. Shorn wool production in 1957 is estimated at 226 million pounds compared with the 300 million pounds goal under the act. The net decline in wool production the last few years has been primarily due to reductions in sheep numbers in Texas and several of the Western States where severe drought conditions prevailed. Due to the nature of the enterprise, year-to-year increases in

wool production can be expected to be only gradual even under most favorable conditions."

Concerning the effect of the drought, I would point out to the committee that wool production in the Western States for the years 1955, 1956, and 1957, at 112.2, 111.0 and 107.3 million pounds respectively, was well below the 10-year average (1946-55) for the Western States of 112.8 million pounds.

Other factors not mentioned in the USDA favorable report on the bill now before the committee, which served to mitigate the effect an incentive payment program normally would have upon productions, include these: First, when the Wool Act of 1954 became effective, the Commodity Credit Corporation had some 150 million pounds of wool in its inventories. This served to depress market prices which made growers move cautiously in the direction of increasing sheep numbers. Second, this effect upon domestic production was reinforced by the then low prevailing world price for wool.

On the other hand, several things have occurred recently which in my opinion point to much better prospects for gradually increasing domestic production to an annual clip of 300 million pounds. That is, if the incentives provided by the National Wool Act are extended to growers.

First, the drought has been broken, and western range conditions are the best in several years. Second, there is some indication that a buildup of flock and herd numbers is beginning to take place and that shorn-wool production, although sheep and lamb prices in 1958 may not average much differently than those in 1957, will be up somewhat in 1958. Third, only a few weeks ago the Commodity Credit Corporation disposed of the last pound of its wool stocks, which were acquired under nonrecourse loan program prior to passage of the National Wool Act of 1954.

There are, however, several problems which may prevent realization of the congressionally expressed goal of getting an annual domestic clip of 300 million pounds, unless the Congress takes appropriate steps to remedy them. First is the need to insure that adequate funds will be available to make incentive payments to growers.

There is some doubt that the present method of providing these funds will be sufficient in the years immediately ahead, as the following portion of the USDA's report on the bill before you implies:

"Under the act, the total payments are limited to 70 percent of the specific duties collected on wool and wool manufacturers since January 1, 1953. These amounts have ranged from 25 to 35 million dollars a year—\$28 million last year. Through March 1957, which includes the years 1953 and 1954 plus the first 2 years of the new program, the total was \$128 million. Payments totaled approximately \$58 million the first year and around \$53 million the second. Deducting this \$111 million in payments from the amounts available for payments, leaves a \$17 million balance for the current and later years to cover payments in excess of duty collections."

For this reason, I suggest that the committee consider amending the bill before it, so as to make 70 percent of the ad valorem duties, as well as the specific duties on wool imports and manufacturers, which have been collected since January 1, 1953, available for use in making the incentive payments. If this were done, I have been informed, that it would increase the size of the fund by nearly 60 percent.

I realize there has been some objection to the self-help promotional program authorized by section 708 of the National Wool Act. This criticism seems to come mainly from those people who prefer a program of publicity, research, and information conducted on a national basis for all meat products by one organization. The sheep industry, however, seems to feel that such an approach, as far as it is concerned, is and would be inadequate, since sheep are dual-purpose animals, whose major products, wool and lamb, require an entirely different promotional effort than do other forms of livestock.

In this connection, also, I want to point out that the American Sheep Producers Council, the promotion organization authorized to carry out the approved program, has been handicapped in its efforts to increase wool and lamb consumption at better prices to growers by the drought, which caused heavy marketing of cattle, as well as sheep and lambs, and resulted in lower returns to growers. To date the administrative costs incurred by the council have been modest. Through December 1957, they amounted to only 4.7 percent of total disbursements of nearly \$3 million. As of the same date, receipts in excess of disbursements are slightly in excess of \$3 million as well. In my opinion section 708 should remain as part of the National Wool Act.

Mr. Chairman, I ask that a copy of a letter to me, urging extension of the National Wool Act, from the Governor of the State of Utah, George D. Clyde, as well as a similar one to me from the Utah State Department of Agriculture be printed in the hearing record.

I conclude my remarks with an expressed hope that the Committee on Agriculture shortly will be able to report H. R. 10049 to the House for floor action. I thank you for your courtesy.

EXHIBIT 1

STATE OF UTAH,
OFFICE OF THE GOVERNOR,
Salt Lake City, January 17, 1958.

HON. ARTHUR V. WATKINS,
Member of Congress,
Senate Office Building, Washington, D. C.

DEAR SENATOR WATKINS: I have recently reviewed the report to Congress from the American sheep industry. I have long been aware of the problems of the sheep men in Utah and have watched with interest the effect of the incentive payment program provided by the National Wool Act. I am sure it has been helpful to the sheep and wool industry. It has brought stability to the industry and in many cases prevented the liquidation of long time sheep operators. The sheep and wool industry is not entirely out of the woods, but it is improving. I believe an extension of the National Wool Act is essential to continued improvement and stability of this industry.

Sincerely,

GEORGE D. CLYDE.

EXHIBIT 2

THE STATE OF UTAH,
DEPARTMENT OF AGRICULTURE,
Salt Lake City, January 29, 1958.

HON. ARTHUR V. WATKINS,
United States Senator,
Senate Office Building, Washington, D. C.

DEAR SENATOR WATKINS: We, the Utah State Department of Agriculture, would like to be placed on record at the hearings to be held February 6 and 7, as very much in favor of the continuation of the 1954 Wool Act.

The sheep industry was very much in favor of a protective tariff that would protect the industry from imports of wool coming into this country and sold below the cost of production in the United States.

Inasmuch as it was impossible to get a tariff high enough to protect the industry, the 1954 Wool Act was passed. We feel that the act has saved the sheep industry from bankruptcy.

When foreign wool is allowed to be purchased in this country at prices lower than the cost of production, the sheep industry would be in jeopardy and would result in sheep numbers being reduced to a point where we may find ourselves in a bad position so far as national defense is concerned. We all know that wool is a very important product in times of war; in clothing our soldiers as well as our people at home.

The sheep industry plays an important part in our agricultural economy in the Western States. The crop can be harvested from many millions of acres of mountain ranges and desert lands by sheep that would otherwise go to waste.

Anything you can do to secure the passage of this bill will be greatly appreciated, as the future of the sheep industry is dependent upon such legislation.

With very best regards,

Yours sincerely,

ALDEN K. BARTON,
Livestock Commissioner.

STATEMENT OF EDWIN E. MARSH, EXECUTIVE SECRETARY OF NATIONAL
WOOL GROWERS ASSOCIATION, SALT LAKE CITY, UTAH

Mr. Chairman and members of the committee, I would like to request that this statement be included in the record as a supplement to the testimony presented for our organization by our president, Mr. Don Clyde, before your subcommittee on February 11, 1958. This supplementary information was not available at the hearings on February 11 and 12 but was released by the United States Department of Agriculture on February 14 in its annual publication Livestock and Poultry Inventory, January 1, 1958, Number, Value and Classes.

One of the important goals of the National Wool Act is increased production of domestic wool. I am pleased to say that this report of the United States Department of Agriculture confirms the predictions made in the statement which Mr. Don Clyde presented, that increases in sheep numbers and, consequently, increases in wool production are on the way.

With the cessation of a serious drought a few months back in the large sheep producing areas of the Nation, it is heartening to know that the stock sheep population on the farms and ranches of the United States, as of January 1, 1958, is 27,390,000 head, an increase of 852,000 head, or 3 percent larger than the same date a year ago. This is the largest inventory since January 1, 1953.

Of even greater significance, however, is the fact that ewe lamb numbers increased sharply to 4,347,000 head, which is a gain of 16 percent from a year earlier and is also the highest level since January 1, 1952. The fact that more ewe lambs are being held for breeding and for future production is further confirmed by the reduction in the number of lambs on feed for market this winter. Numbers on feed shown an 8 percent reduction from a year earlier, the lowest number to be fed in 7 years. If it had not been for the National Wool Act, many of these ewe lambs would have gone directly to slaughter or would have reached slaughter in a few months following their fattening in feed lots.

The extension of the National Wool Act will provide the needed incentive for holding these ewe lambs on our farms and ranches and will assure that they will be bred next fall and winter for production of lambs in 1959. The very significant 16 percent gain in ewe lamb numbers on our farms and ranches this winter means a substantial increase in our sheep inventory for 1959 and 1960.

In closing, I should like to request that the statements and figures concerning sheep numbers, contained in the Department report named above, be included in the record and made a part of my statement.

Thank you.

SHEEP

Stock sheep and lambs on farms and ranches January 1, 1958, are estimated at 27,390,000 head. This is 3 percent more than the 26,538,000 head a year earlier and the largest inventory number since January 1, 1953. All sheep and lambs, including those on feed, totaled 31,328,000 head, up 2 percent from January 1, 1957. Sheep and lambs on feed declined 8 percent to 3,938,000 head, the lowest number in 7 years.

Ewe lamb numbers increased sharply to 4,347,000 head, a gain of 16 percent from a year earlier and reached the highest level since January 1, 1952. Ewes and rams 1 year old and older increased 1 percent and 3 percent, respectively. Wether and ram lambs declined 3 percent.

Stock sheep numbers were up 3 percent from a year earlier in the 11 Western States, Texas and South Dakota. This group of States registered a gain for the first time in 6 years. The native States, with a 4 percent increase, continued to expand their sheep numbers.

In Texas, the leading sheep State, stock sheep numbers rose to 4,700,000 head, an increase of 5 percent during the year. Inventories were also up in 7 other Western States and in 21 of the 35 native States. The North Central States showed the largest percentage increase, led by Iowa with a 20 percent increase.

The total value of stock sheep on farms and ranches January 1, 1958, was \$530 million, 34 percent above a year earlier and compares with the record high of \$783 million in 1952. The average value per head on January 1, was \$19.40 compared with \$14.90 a year earlier and the average of \$17.50.

All sheep and lambs: Number on farms and total value, Jan. 1

State and division	Number				Total value		
	Average, 1947-56	1957	1958	1958 as percent of 1957	Average, 1947-56	1957	1958
	1,000 head	1,000 head	1,000 head	Percent	1,000 dollars	1,000 dollars	1,000 dollars
Maine.....	26	40	42	104	397	560	601
New Hampshire.....	8	10	9	90	135	145	139
Vermont.....	11	13	14	105	167	177	203
Massachusetts.....	10	13	12	92	170	195	194
Rhode Island.....	2	2	2	100	33	30	32
Connecticut.....	8	10	10	100	132	156	168
New York.....	168	188	184	98	3,072	3,042	3,145
New Jersey.....	13	18	18	100	256	281	299
Pennsylvania.....	237	262	254	97	3,735	3,563	3,886
North Atlantic.....	483	556	545	98	8,097	8,149	8,667
Ohio.....	1,249	1,251	1,270	102	20,823	18,550	21,289
Indiana.....	506	547	582	106	9,076	8,070	9,990
Illinois.....	676	740	750	101	12,473	11,520	12,465
Michigan.....	443	404	407	101	8,009	6,307	7,199
Wisconsin.....	287	273	299	110	5,404	3,626	5,080
East North Central.....	3,162	3,215	3,308	103	55,786	48,083	56,023
Minnesota.....	893	964	988	102	15,953	14,093	17,025
Iowa.....	1,238	1,390	1,554	112	22,311	20,288	28,309
Missouri.....	979	924	881	95	16,075	13,593	15,128
North Dakota.....	510	661	678	103	8,776	9,381	11,924
South Dakota.....	1,108	1,379	1,471	107	20,106	22,746	29,448
Nebraska.....	759	780	739	95	13,489	11,318	13,425
Kansas.....	735	606	725	120	12,000	7,800	12,086
West North Central.....	6,222	6,704	7,036	105	108,710	99,219	127,345
North Central.....	9,383	9,919	10,344	104	164,496	147,302	183,368
Delaware.....	3	4	4	100	47	54	65
Maryland.....	43	51	52	101	769	785	910
Virginia.....	308	330	327	99	6,156	6,006	6,376
West Virginia.....	312	301	301	100	5,459	4,605	4,906
North Carolina.....	43	58	61	105	808	974	1,147
South Carolina.....	4	11	14	127	62	179	228
Georgia.....	16	63	56	89	210	970	1,030
Florida.....	5	8	9	112	42	80	108
South Atlantic.....	734	826	824	100	13,553	13,653	14,770
Kentucky.....	642	605	623	103	13,330	11,616	12,522
Tennessee.....	276	310	319	103	4,817	4,991	5,806
Alabama.....	38	100	83	83	504	1,454	1,430
Mississippi.....	78	105	110	105	866	1,376	1,804
Arkansas.....	48	69	72	104	601	787	1,022
Louisiana.....	118	99	95	96	958	881	1,102
Oklahoma.....	188	245	244	100	2,718	3,063	3,701
Texas.....	6,425	4,749	4,864	102	84,263	46,769	84,874
South Central.....	7,813	6,282	6,410	102	108,058	70,937	112,261
Montana.....	1,846	1,650	1,601	102	36,149	28,250	36,691
Idaho.....	1,134	1,119	1,121	100	23,782	18,623	24,170
Wyoming.....	2,160	2,095	2,174	104	41,907	35,896	49,801
Colorado.....	1,804	1,766	1,756	99	36,264	27,648	38,504
New Mexico.....	1,368	1,189	1,208	102	22,193	16,856	24,358
Arizona.....	451	472	445	94	7,737	6,725	7,304
Utah.....	1,469	1,395	1,362	98	29,487	24,272	28,969
Nevada.....	477	451	434	96	9,670	7,928	9,249
Washington.....	328	275	267	97	6,398	4,675	5,805
Oregon.....	761	861	881	102	14,887	14,108	18,518
California.....	1,920	1,984	1,866	94	39,847	36,339	39,494
West.....	13,720	13,257	13,205	100	268,320	221,320	282,863
United States.....	32,133	30,840	31,328	102	562,525	461,361	601,929

All sheep and lambs: Number on farms and total value, Jan. 1—Continued

State and division	Number				Total value		
	Average, 1947-56	1957	1958	1958 as percent of 1957	Average, 1947-56	1957	1958
	1,000 head	1,000 head	1,000 head	Percent	1,000 dollars	1,000 dollars	1,000 dollars
Maine.....	26	40	42	104	397	590	601
New Hampshire.....	8	10	9	90	135	145	139
Vermont.....	11	13	14	105	167	177	203
Massachusetts.....	10	13	12	92	170	195	194
Rhode Island.....	2	2	2	100	33	30	32
Connecticut.....	8	10	10	100	132	156	168
New York.....	146	168	165	98	2,672	2,722	2,822
New Jersey.....	13	18	18	100	256	281	299
Pennsylvania.....	237	262	254	97	3,735	3,563	3,886
North Atlantic.....	460	536	526	98	7,698	7,829	8,344
Ohio.....	1,018	1,046	1,077	103	16,929	15,690	18,201
Indiana.....	407	455	482	106	7,215	6,598	8,290
Illinois.....	480	533	570	107	8,781	8,208	9,405
Michigan.....	353	314	317	101	6,310	4,867	5,579
Wisconsin.....	224	213	232	109	4,187	2,726	3,574
East North Central.....	2,482	2,561	2,678	105	43,422	38,089	45,349
Minnesota.....	685	735	764	104	12,125	10,658	13,217
Iowa.....	811	937	1,124	120	14,550	13,493	20,509
Missouri.....	839	794	755	95	13,753	11,513	12,986
North Dakota.....	435	543	559	103	7,392	7,493	9,782
South Dakota.....	920	1,161	1,249	108	16,718	19,040	25,230
Nebraska.....	207	273	308	113	3,397	3,713	5,667
Kansas.....	378	456	479	105	5,941	5,700	7,904
West North Central.....	4,277	4,899	5,238	107	73,876	71,610	95,355
North Central.....	6,759	7,460	7,916	106	117,297	109,699	140,704
Delaware.....	3	4	4	100	47	54	65
Maryland.....	43	51	52	101	769	785	910
Virginia.....	308	330	327	99	6,156	6,006	6,376
West Virginia.....	312	301	301	100	5,459	4,605	4,906
North Carolina.....	43	58	61	105	808	974	1,147
South Carolina.....	4	11	14	127	62	179	228
Georgia.....	16	63	56	89	210	970	1,030
Florida.....	5	8	9	112	42	80	108
South Atlantic.....	734	826	824	100	13,553	13,653	14,770
Kentucky.....	642	605	623	103	13,330	11,616	12,522
Tennessee.....	276	310	319	103	4,817	4,991	5,806
Alabama.....	34	77	77	100	454	1,178	1,340
Mississippi.....	78	105	110	105	866	1,376	1,804
Arkansas.....	48	69	72	104	601	787	1,022
Louisiana.....	118	99	95	96	958	881	1,102
Oklahoma.....	137	203	207	102	1,899	2,517	3,146
Texas.....	6,240	4,476	4,700	105	82,194	44,312	82,250
South Central.....	7,572	5,944	6,203	104	105,120	67,658	108,992
Montana.....	1,670	1,542	1,573	102	32,914	26,522	34,449
Idaho.....	1,042	999	1,049	105	22,003	16,583	22,658
Wyoming.....	2,038	1,980	2,039	103	39,807	34,056	47,101
Colorado.....	1,261	1,216	1,252	103	25,616	18,848	27,920
New Mexico.....	1,325	1,166	1,172	101	21,579	16,557	23,674
Arizona.....	413	421	419	100	7,175	6,062	6,914
Utah.....	1,378	1,361	1,288	99	27,833	22,768	27,563
Nevada.....	464	435	418	96	9,439	7,656	8,945
Washington.....	295	250	248	99	5,792	4,250	5,406
Oregon.....	741	830	847	102	14,518	13,612	17,872
California.....	1,690	1,632	1,616	99	35,567	30,355	34,744
Western.....	12,318	11,772	11,921	101	242,242	197,269	257,246
United States.....	27,843	26,538	27,390	103	485,910	396,108	530,056

Livestock: Value per head, Jan. 1¹

State and division	Cattle			Milk cows			Stock sheep		
	Average 1947-56	1957	1958	Average 1947-56	1957	1958	Average 1947-56	1957	1958
Maine.....	\$122.0	\$100.0	\$125.0	\$172	\$140.0	\$172	\$15.43	\$14.00	\$14.30
New Hampshire.....	150.0	121.0	144.0	207	165.0	195	16.51	14.50	15.40
Vermont.....	154.0	124.0	154.0	201	160.0	197	15.89	13.80	14.50
Massachusetts.....	196.0	159.0	183.0	253	205.0	236	16.65	15.00	16.30
Rhode Island.....	212.0	176.0	204.0	256	215.0	250	16.70	15.00	16.00
Connecticut.....	194.0	163.0	191.0	253	210.0	245	16.84	15.80	16.80
New York.....	177.0	144.0	175.0	227	183.0	223	18.68	16.20	17.10
New Jersey.....	242.0	184.0	207.0	299	230.0	260	19.77	15.60	16.60
Pennsylvania.....	163.0	146.0	169.0	220	198.0	226	15.79	13.60	15.30
North Atlantic.....	172.0	144.0	171.0	226	188.0	222	16.84	14.60	15.90
Ohio.....	133.0	110.0	127.0	181	159.0	184	16.77	15.00	16.90
Indiana.....	131.0	102.0	118.0	179	157.0	177	17.93	14.50	17.20
Illinois.....	134.0	103.0	117.0	191	165.0	178	18.51	15.40	16.50
Michigan.....	144.0	120.0	141.0	199	173.0	200	17.94	15.50	17.60
Wisconsin.....	167.0	131.0	156.0	213	170.0	200	18.68	12.80	16.70
East North Central.....	144.0	114.0	133.0	198	167.0	192	17.61	14.90	16.90
Minnesota.....	138.0	102.0	130.0	195	152.0	187	17.81	14.50	17.30
Iowa.....	127.0	94.0	124.0	187	157.0	188	18.05	14.40	18.30
Missouri.....	115.0	90.0	115.0	149	124.0	148	16.30	14.50	17.20
North Dakota.....	131.0	93.0	128.0	187	143.0	178	17.37	13.80	17.50
South Dakota.....	126.0	91.0	132.0	182	143.0	181	18.42	16.40	20.20
Nebraska.....	121.0	88.0	128.0	183	151.0	183	16.38	13.60	18.40
Kansas.....	114.0	83.0	119.0	175	140.0	185	15.56	12.50	16.50
West North Central.....	124.0	91.8	125.0	180	146.0	179	17.39	14.60	18.20
North Central.....	131.0	99.7	128.0	190	157.0	186	17.47	14.70	17.90
Delaware.....	143.0	114.0	134.0	186	150.0	175	17.75	13.50	16.20
Maryland.....	144.0	119.0	138.0	190	160.0	185	17.98	15.40	17.50
Virginia.....	117.0	90.0	109.0	144	116.0	134	20.01	18.20	19.50
West Virginia.....	109.0	80.0	97.0	134	97.0	119	17.54	15.30	16.30
North Carolina.....	94.0	76.0	90.0	122	101.0	118	18.56	16.80	18.90
South Carolina.....	87.0	68.0	82.0	120	100.0	115	14.03	16.30	16.30
Georgia.....	77.0	62.0	77.0	112	90.0	110	12.44	15.40	18.40
Florida.....	75.0	62.0	79.0	123	105.0	130	9.70	10.00	12.00
South Atlantic.....	95.8	75.2	91.5	136	111.0	131	18.51	16.50	17.90
Kentucky.....	106.0	89.0	105.0	135	117.0	137	20.81	19.20	20.10
Tennessee.....	96.0	79.0	97.0	123	104.0	124	17.67	16.10	18.20
Alabama.....	76.0	56.0	72.0	106	77.0	94	13.20	15.30	17.40
Mississippi.....	76.0	59.0	75.0	104	83.0	100	10.89	13.10	16.40
Arkansas.....	82.0	61.0	80.0	108	85.0	104	12.66	11.40	14.20
Louisiana.....	81.0	61.0	83.0	121	102.0	119	8.40	8.90	11.60
Oklahoma.....	100.0	71.0	108.0	136	105.0	146	14.28	12.40	15.20
Texas.....	95.0	66.0	105.0	129	98.0	140	13.09	9.90	17.50
South Central.....	92.1	67.2	95.0	122	97.8	123	13.88	11.40	17.60
Montana.....	129.0	87.0	131.0	194	150.0	182	19.84	17.20	21.90
Idaho.....	126.0	92.0	125.0	192	153.0	195	21.17	16.60	21.60
Wyoming.....	122.0	86.0	129.0	185	139.0	188	19.62	17.20	23.10
Colorado.....	119.0	82.0	123.0	183	137.0	183	20.30	15.50	22.30
New Mexico.....	109.0	72.0	110.0	172	135.0	150	16.20	14.20	20.20
Arizona.....	114.0	86.0	110.0	196	175.0	210	17.63	14.40	16.50
Utah.....	124.0	91.0	121.0	188	153.0	186	20.24	17.50	21.40
Nevada.....	122.0	92.0	126.0	196	165.0	200	20.27	17.60	21.40
Washington.....	130.0	93.0	128.0	183	138.0	190	19.64	17.00	21.86
Oregon.....	120.0	86.0	116.0	161	117.0	152	19.82	16.40	21.10
California.....	145.0	118.0	144.0	210	190.0	215	21.18	18.60	21.50
Western.....	127.0	93.6	128.0	193	162.0	196	19.74	16.80	21.60
United States.....	121.0	91.6	120.0	177	147.0	176	17.52	14.90	19.40

¹ Based on reporters' estimates at average price per head in their locations.

Sheep and lambs: Number on farms, by classes, Jan. 1, 1957

[Thousand head]

State and division	All sheep	On feed	Stock sheep					
			Total	Lambs		1 year and older		
				Ewes	Wethers and rams	Ewes	Rams	Wethers
Maine.....	40	-----	40	9	1	28	2	-----
New Hampshire.....	10	-----	10	2	-----	7	1	-----
Vermont.....	13	-----	13	2	-----	10	1	-----
Massachusetts.....	13	-----	13	2	1	9	1	-----
Rhode Island.....	2	-----	2	-----	-----	2	-----	-----
Connecticut.....	10	-----	10	1	1	8	-----	-----
New York.....	188	20	168	35	3	123	6	1
New Jersey.....	18	-----	18	3	1	13	1	-----
Pennsylvania.....	262	-----	262	43	22	165	9	23
North Atlantic.....	556	20	536	97	29	365	21	24
Ohio.....	1,251	205	1,046	154	21	821	25	25
Indiana.....	547	92	455	57	11	370	15	2
Illinois.....	740	207	533	86	9	410	26	2
Michigan.....	404	90	314	49	3	250	11	1
Wisconsin.....	273	60	213	30	2	172	7	2
East North Central.....	3,215	654	2,561	376	46	2,023	84	32
Minnesota.....	964	229	735	105	8	597	23	2
Iowa.....	1,390	453	937	112	7	790	27	1
Missouri.....	924	130	794	90	13	667	22	2
North Dakota.....	661	118	543	74	13	440	14	2
South Dakota.....	1,379	218	1,161	201	8	914	36	2
Nebraska.....	780	507	273	33	4	227	8	1
Kansas.....	606	150	456	37	13	392	12	2
West North Central.....	6,704	1,805	4,899	652	66	4,027	142	12
North Central.....	9,919	2,459	7,460	1,028	112	6,050	226	44
Delaware.....	4	-----	4	1	-----	3	-----	-----
Maryland.....	51	-----	51	8	1	40	2	-----
Virginia.....	330	-----	330	48	5	263	13	1
West Virginia.....	301	-----	301	36	3	243	16	3
North Carolina.....	58	-----	58	9	1	44	3	1
South Carolina.....	11	-----	11	1	1	8	1	-----
Georgia.....	63	-----	63	4	16	40	2	1
Florida.....	8	-----	8	2	-----	6	-----	-----
South Atlantic.....	826	-----	826	109	27	647	37	6
Kentucky.....	605	-----	605	79	12	490	21	3
Tennessee.....	310	-----	310	40	8	247	13	2
Alabama.....	100	23	77	12	4	55	5	1
Mississippi.....	105	-----	105	18	17	60	4	6
Arkansas.....	69	-----	69	10	5	50	3	1
Louisiana.....	99	-----	99	15	9	65	5	5
Oklahoma.....	245	42	203	35	4	158	5	1
Texas.....	4,749	273	4,476	672	291	3,312	126	76
South Central.....	6,282	338	5,944	881	350	4,437	181	95
Montana.....	1,650	108	1,542	252	18	1,221	49	2
Idaho.....	1,119	120	999	123	8	834	31	3
Wyoming.....	2,095	115	1,980	328	9	1,583	59	1
Colorado.....	1,766	550	1,216	144	9	1,028	32	3
New Mexico.....	1,189	23	1,166	158	19	940	44	5
Arizona.....	472	51	421	65	13	325	15	3
Utah.....	1,395	94	1,301	141	6	1,120	33	1
Nevada.....	451	16	435	61	2	359	12	1
Washington.....	275	25	250	52	2	184	10	2
Oregon.....	861	31	820	95	10	700	23	2
California.....	1,984	352	1,632	209	30	1,336	52	5
West.....	13,257	1,485	11,772	1,628	126	9,630	360	28
United States.....	30,840	4,302	26,538	3,743	644	21,129	825	197

¹ Includes 14,000 lambs on feed.

Sheep and lambs: Number on farms, by classes, Jan. 1, 1958

[Thousand head]

State and division	All sheep	On feed	Stock sheep					
			Total	Lambs		1 year and older		
				Ewe	Wethers and rams	Ewes	Rams	Wethers
Maine.....	42	-----	42	9	1	30	2	-----
New Hampshire.....	9	-----	9	2	-----	6	1	-----
Vermont.....	14	-----	14	3	-----	10	1	-----
Massachusetts.....	12	-----	12	2	1	8	1	-----
Rhode Island.....	2	-----	2	-----	-----	2	-----	-----
Connecticut.....	10	-----	10	1	1	8	-----	-----
New York.....	184	19	165	36	3	119	6	1
New Jersey.....	18	-----	18	3	1	13	1	-----
Pennsylvania.....	254	-----	254	42	14	168	9	21
North Atlantic.....	545	19	526	98	21	364	21	22
Ohio.....	1,270	193	1,077	159	21	846	26	25
Indiana.....	582	100	482	78	17	370	15	2
Illinois.....	750	180	570	88	9	444	27	2
Michigan.....	407	90	317	52	3	250	11	1
Wisconsin.....	299	67	232	37	3	182	8	2
East North Central.....	3,308	630	2,678	414	53	2,092	87	32
Minnesota.....	988	224	764	114	9	615	24	2
Iowa.....	1,554	430	1,124	197	9	885	32	1
Missouri.....	881	126	755	101	14	617	21	2
North Dakota.....	678	119	559	90	13	440	14	2
South Dakota.....	1,471	222	1,249	255	14	939	39	2
Nebraska.....	739	431	308	46	5	247	9	1
Kansas.....	725	246	479	56	17	392	12	2
West North Central.....	7,036	1,798	5,238	859	81	4,135	151	12
North Central.....	10,344	2,428	7,916	1,273	134	6,227	238	44
Delaware.....	4	-----	4	1	-----	3	-----	-----
Maryland.....	52	-----	52	9	1	40	2	-----
Virginia.....	327	-----	327	46	4	263	13	1
West Virginia.....	301	-----	301	36	3	243	16	3
North Carolina.....	61	-----	61	10	1	46	3	1
South Carolina.....	14	-----	14	2	1	10	1	-----
Georgia.....	56	-----	56	4	5	44	2	1
Florida.....	9	-----	9	2	-----	7	-----	-----
South Atlantic.....	824	-----	824	110	15	656	37	6
Kentucky.....	623	-----	623	85	13	500	22	3
Tennessee.....	319	-----	319	41	8	254	14	2
Alabama.....	83	6	77	13	3	55	5	1
Mississippi.....	110	-----	110	20	18	63	4	5
Arkansas.....	72	-----	72	12	5	51	3	1
Louisiana.....	95	-----	95	15	8	62	5	5
Oklahoma.....	244	37	207	41	5	155	5	1
Texas.....	4,864	164	4,700	871	282	3,345	127	75
South Central.....	6,410	207	6,203	1,068	342	4,485	185	93
Montana.....	1,691	118	1,573	292	16	1,209	54	2
Idaho.....	1,121	72	1,049	130	8	876	32	3
Wyoming.....	2,174	135	2,039	353	10	1,615	60	1
Colorado.....	1,756	504	1,252	181	7	1,028	33	3
New Mexico.....	1,208	36	1,172	183	21	919	44	5
Arizona.....	445	26	419	64	13	324	15	3
Utah.....	1,362	74	1,288	150	6	1,098	33	1
Nevada.....	434	16	418	62	2	341	12	1
Washington.....	267	19	248	47	2	188	10	1
Oregon.....	881	34	847	97	11	714	23	2
California.....	1,866	250	1,616	209	17	1,336	50	4
West.....	13,205	1,284	11,921	1,768	113	9,648	366	26
United States.....	31,328	3,938	27,390	4,347	625	21,380	847	191

¹ Includes 2,000 lambs on feed.

STATEMENT BY HON. JOHN E. MOSS, A REPRESENTATIVE IN CONGRESS FROM THE
THIRD CONGRESSIONAL DISTRICT OF THE STATE OF CALIFORNIA

Mr. Chairman, I am making this statement supporting H. R. 9539 and H. R. 9995, to extend the National Wool Act of 1954 for an additional 4-year period because the wool industry of this Nation urgently needs more time to revitalize production lost over a 15-year period.

The National Wool Act of 1954 put the wool industry in my six-county congressional district in northern California back in the healthy position of operating under the law of supply and demand. It did the same for practically every other woolgrowing area of the country. Virtually every pound of wool we shear in California, for example, is now being marketed and moved into channels of consumption. This is a far cry from only a few years ago when wool was being stockpiled in warehouses at great cost to the Government.

The act provides for an incentive price for shorn wool, to be established by the Secretary of Agriculture, after consultation with representatives of the industry and after taking into consideration prices paid and other cost conditions affecting sheep production. Growers actually sell their wool in normal marketing channels. At the end of the marketing year, when the average price received for shorn wool by all producers is known, payments are made to bring the national average return per pound up to the incentive level.

Additionally, the act provides a means for wool and lamb producers to spend their own funds to improve the marketing of their products. The growers believe this to be one of the most successful features of a thoroughly successful act.

Improved marketing is the big question mark in all agriculture today, and the wool industry is no exception. Sheepmen know that promotion of their products in this heyday of the American advertising man is of vital importance to the future welfare of their industry. Initial results in promotion by the woolgrowers have shown excellent progress. All they need is more time before the full impact of the advertising and promotion programs they have started will be realized.

As regards actual production of wool, in accord with the intention of the act, the Department of Agriculture discloses that sheep numbers and wool production still continue at low levels. Production of shorn wool in 1957 was approximately 226 million pounds compared with the 300 million pound goal under the act. This net decline, however, is shown to have been due primarily to drought conditions in Texas and several of the Western States.

As I do not need to inform most of the members of this committee, year-to-year increases in wool production can be expected to be only gradual, even under the most favorable conditions. It takes time to build up flock numbers, since, of course, only one lamb crop can be produced annually.

Regardless of the slowness of the industry's recovery, the various woolgrowers' associations in my section of the country inform me that they definitely feel that the National Wool Act is well on the way to accomplish the success that this committee, the Congress, and the sheepmen themselves desire. I urge you to help speed the progress the wool producers have made since 1954, by extending the National Wool Act.

HON. HAMER BUDGE,
*House Office Building,
Washington, D. C.:*

It is my understanding that the House is now hearing testimony on the National Wool Act. Please have the following statement placed on the record: "The woolgrowing industry in the State of Idaho has long been an important segment of our economy and for it to survive and prosper the sheep growers need the protection of the National Wool Act. I would therefore respectfully urge your favorable report on this measure."

ROBERT E. SMYLIE, *Governor.*

ATLANTA, GA., February 3, 1958.

HON. HAROLD D. COOLEY,
*Chairman, Agriculture Committee, United States House of Representatives,
Washington, D. C.:*

The renewal of the National Wool Act is essential to the continued production of sheep and wool in the State of Georgia. As Georgia's commissioner of Agriculture I strongly urge your favorable consideration of Legislation for this renewal and I will appreciate your presentation of this telegram to your committee at the time of the hearings in order that it be in your official records.

PHIL CAMPBELL,
Georgia Commissioner of Agriculture.

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EXTEND NATIONAL WOOL ACT OF 1954

TUESDAY, MAY 20, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met pursuant to notice at 10 a. m., in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jennings, Matthews, Hill, Harvey, and Simpson.

Also present: Representatives Hagen, Johnson, McIntire, Dixon, Quie, Harrison, and Fisher.

Mabel C. Downey, clerk.

Mr. POAGE. We are meeting here this morning to further consider the wool situation.

I see we have several Members of Congress here whom I presume wish to discuss the wool bill.

We would be glad to hear from any of you.

Congressman Wayne Aspinall.

STATEMENT OF HON. WAYNE ASPINALL, A REPRESENTATIVE IN CONGRESS OF THE FOURTH DISTRICT FROM THE STATE OF COLORADO

Mr. ASPINALL. Mr. Chairman, I would ask permission to have my statement filed as if read, and then I will speak but just a moment to the bill.

Mr. POAGE. We will be glad to proceed that way, and without objection your statement will be made a part of the record.

Mr. ASPINALL. Mr. Chairman, I am happy to appear before you today in behalf of a measure which I introduced in the Congress last summer to extend the provisions of the National Wool Act beyond its present expiration date of March 31, 1959.

I introduced this bill, first of all, because of its great importance to my own district of western Colorado. I also introduced this bill because it is a measure which is vital not only to the entire State of Colorado but because of its benefits to all of the Nation as well.

There are about 1,200,000 stock sheep in the State of Colorado. A large percentage of these harvest the natural grass resources of the

arid range lands as well as the mountain regions of my own district in western Colorado. I am proud to say that some of the finest wool in the Nation is produced in my district of Colorado and this area is also noted for its production of some of the finest and most appetizing lamb in the country. These lambs are marketed in the fall directly off our high forest areas and provide delicious food for America's dining tables.

My colleagues in the Congress from Colorado also appreciate the importance of this great industry because sheep are also contributing to the prosperity of their areas. Also, in counties east of my district in Colorado, over 500,000 lambs are fed annually. These lambs come from ranges not only in Colorado but also from Wyoming, New Mexico, Texas, and Montana to be finished on beet tops and other products of our Colorado farms.

Colorado's interest in the sheep industry may be judged by the fact that this is one of the most important agricultural enterprises in our State, ranking third or fourth from year to year. In fact, nearly \$30 million in new wealth is created in our State each year through the marketing of lambs and wool. There are some counties and areas in Colorado that are largely dependent on the sheep industry for support of their business enterprises. I know that this holds true not only in Colorado but in a dozen other Western States where sheep utilize and convert into meat and wool, grass resources that would otherwise be wasted. I know, also, that sheep raising is becoming an increasingly important enterprise in some of our Eastern and Southern States.

At the time the National Wool Act became law in 1954 the sheep industry of this Nation was in a desperate financial plight. Conditions beyond the control of sheep producers caused a drop in sheep numbers by almost half in the 12 years prior to 1954. In the interests of national defense, wool prices were frozen throughout World War II, while sheep production costs went steadily upward. Then after the war the tariff on imports of raw wool was cut by 25 percent. The unsatisfactory price support and loan programs established in an effort to alleviate conditions in the sheep industry, only piled up surpluses of wool in a Government stockpile.

The National Wool Act of 1954 is the first program that has been established that has stopped further piling up of wool in Government storage. I am advised that not only is no wool going into storage since the establishment of this program, but also that the big stockpile that the Government had in storage has now all gone to market. This is, I think wonderful news.

This is also a program that is tailor-made to meet the rather peculiar requirements of a commodity that must meet heavy foreign competition here at home. In fact, wool and sugar are among those few commodities of which we produce less than we consume. In the case of wool, we are producing a little more than one-third of our normal peacetime requirements. And, of course, during national emergencies, demand rises and foreign supplies become more difficult to obtain.

I think the woolgrowers should be especially commended for establishing a self-help program. Through the contribution of a part of the incentive payments on wool they are establishing a promotion and advertising program on both of their commodities—wool and lamb.

In the case of wool, this is an effort to offset huge advertising budgets of the synthetic fiber manufacturers and to hold wool's rightful place in the market on the basis of the unique qualities of this wonderful fiber. In the case of lamb, the promotion efforts are aimed at widening demand in areas where lamb consumption is low and also evening out price fluctuations when heavy supplies of lamb hit the markets.

It is true that the Wool Act went into effect under two adverse conditions. One was a reduction in world prices of wool during the first 2 years of the program. The other was a prolonged drought in our Western and Southwestern States which has only subsided in the last few months. However, with the return of moisture we are finding a heavy demand for breeding ewes of all ages which is most indicative of the present great interest in increasing sheep numbers. That interest, I am sure, will continue if this act is extended. The Congress revived an old and important industry in this Nation with the establishment of the National Wool Act. It is highly essential that this vital and beneficial measure be continued and I cannot urge too strongly favorable action on this important piece of legislation.

Mr. ASPINALL. Mr. Chairman, I have, of course, been supporting this legislation since it was introduced into Congress, and just last year I introduced a bill which would provide for the extension of the Wool Act.

Although not an expert in this field by any means, I feel that legislation has firmed up the woolgrowing industry, together with the sheep industry as such, the meat-producing industry, and it seems to me that in order to keep this particular industry in good shape and permit it to render to our national economy the value which it can, the Wool Act should be extended.

Whether by an individual bill or by an omnibus bill, I would have no choice whatsoever. But I do feel that we must take care of this before the expiration of this act.

Mr. DIXON. Mr. Chairman, may I ask the gentlemen from Colorado a question?

Mr. POAGE. Certainly.

Mr. DIXON. Would you rather see the Wool Act bill by itself or included in an omnibus bill?

Mr. ASPINALL. I personally would rather see it in an act by itself, Mr. Dixon, because then I feel that it can be given the attention that it itself deserves being an integral part of the law at the present time.

Mr. DIXON. And you do not want it to be in either good or bad company; is that the idea?

Mr. ASPINALL. I am not worried about the company that it might have, but I think that a piece of legislation that is as important as this particular piece of legislation deserves separate study and consideration by the Congress.

Mr. DIXON. Mr. Chairman, I wish to compliment our friend from Colorado on his statement.

Mr. ASPINALL. Thank you very much.

Mr. POAGE. Thank you. The committee appreciates very much your statement.

Mr. ASPINALL. Thank you.

Mr. POAGE. Congressman Thomson of Wyoming.

**STATEMENT OF HON. E. KEITH THOMSON, A REPRESENTATIVE
AT LARGE IN CONGRESS FROM THE STATE OF WYOMING**

Mr. THOMSON. Mr. Chairman, and members of the committee, I have a prepared statement, a copy of which was previously submitted to the committee, and I would like to have it placed in the record if I may.

Mr. POAGE. Without objection that may be done.
(The document referred to is as follows:)

STATEMENT OF HON. KEITH THOMSON, OF WYOMING

Mr. Chairman, on August 29, 1957, I joined with many of my colleagues in introducing legislation to extend the National Wool Act of 1954, the number of my bill being H. R. 9532. On that date, speaking on the floor of the House, I stated that it was essential "that legislation be enacted early in the next session to extend the act, if we are to avoid the harmful effect of uncertainty within the industry." I wish to congratulate the committee and the chairman for recognizing this need for early action by promptly requesting reports and arranging these hearings.

The testimony in these hearings, previously submitted, has, generally, very well covered the need for legislation, as well as the justification of the enactment of this particular legislation, as a solution to the problem, at least for the immediate future. I will attempt to avoid burdening the record by repeating factual testimony that has not and cannot be controverted.

The chaotic conditions of the industry existing prior to 1954 are well known. The fact that a conventional Government price-support program had only resulted in the accumulation of 150 million tons of wool in Government warehouses, stored at taxpayers' expense with a depressing effect upon the free market, is well recognized. The last of that wool has been removed from Government storage.

I think it is important that we constantly keep before ourselves the fact that wool and sugar are the only two major agricultural crops which we produce in this country that are not produced in surplus or in excess of our rate of consumption. We produce in this country only about one-third of the wool which we consume. With regard to these commodities, the problem is a tariff problem, and not one of surplus commodities. The American producer of these products, as with almost all other agricultural or industrial products, simply cannot compete with the lower living standards, the lower wages, the lower taxes, and the lower costs of production in other countries.

I think we must, also, constantly keep in mind that wool is certainly a basic agricultural commodity, in the sense that it affects the country as a whole. Sheep and wool are produced and fed in significant quantities in almost every State in the Nation. Livestock and livestock products account for by far the greatest portion of our farm income. When wholesale reductions occur in the production of sheep, as in the postwar period prior to 1954, the effect on all other segments of the agricultural economy is significant and is bad. Lands used for this production are diverted to the production of cattle or other agricultural products, with attendant price and supply dislocations. The fact that this decline in production of sheep has been halted has been a benefit to most other segments of agriculture.

The effect of the act or its extension is not to place a tax burden on the American people, to produce an unneeded commodity, or a commodity in excess of requirements. Revenues come only from tariff on imported wool. The solution could have been by tariff increases or by import quotas, but this was determined in 1954 to be contrary to our trade policies. Wool is a strategic material which we need from domestic producers in greater quantities even than now produced. To provide for this incentive payment from the tariff revenues, rather than to provide higher tariffs or quotas, is not to give wool a preferred position over other primary agricultural products. These other agricultural products with regard to which we have price and supply problems are given far greater protection by either tariff, quotas, or absolute embargoes on imports. Even under the act, we are giving wool something less in the way of protection.

Another thing I think we should remember is that, even though this legislation was the salvation of the important wool industry faced with outright extinction, it has not solved all of the problems. The price has improved. Without specu-

lating on the effect of the removal of the Commodity Credit stockpile, the fact is that payments in the initial year of operation were \$58 million, or 44.9 percent of the market price, to maintain a 62-cent incentive level, whereas estimated payments for this year will be something in the neighborhood of \$20 million, or from 15 to 20 percent of the price received on the market, to maintain the same support price of 62 cents. This shows a tendency to achieve the objective. The improvement in price has worked to the advantage of all segments of the industry and the consumer. Nevertheless, another important thing for us to remember is that the only market for American-produced wool is the American manufacturer and the American consumer.

It is alarming that mill consumption is running 17 percent below a year ago. Without speculating on what would have happened had there been no drought, it is of concern that our production in 1957 was only 226 million pounds, and far short of the 300-million-pound objective, and that imports still make up two-thirds of the domestic consumption.

These problems yet remain unsolved. I bring this out because I want my colleagues to fully understand that the passage of this legislation is not in any way going to lessen my support for general legislation that will provide adequate protection and a proper share of the market for domestic producers of all products. When their production and their price are being adversely affected by unfair foreign competition due to cheap labor, lower taxes, and the taking advantage of our successful effort to raise the standard of living for all of our people, it is in the interest of every American businessman, laboring man, and agricultural producer that this overall situation be corrected. I shall continue to work to that end after the passage of this legislation, just as I have while the 1954 law was in effect. There is no market for American wool in Japan or other cheap-labor countries. The problems of the American woolen mills and manufacturers must be solved. In the interest of the general economy, this extends to cotton and other American products. American workers must be kept employed to provide a customer for agricultural products at a fair price to the producer. The great intra-American mass market must be preserved so that our country can continue to advance and raise our standard of living for all of the people as an example and an incentive to the rest of the world. This is in the interest and to the advantage of the free world and can, in my opinion, be done without any damage, but rather advantage, to the free world. The overall effect will be to promote sound trade and not to improperly restrict trade.

In the meantime, this act that has proved itself should be extended. The extension should be for an indefinite period. Even with the passage of more general legislation, it is impossible to determine how long it would take to remove the necessity for this legislation. That decision would always rest in the hands of Congress, as the inherent right of Congress to change the law as needed would not be affected. Placing it on an indefinite extension, however, would give the additional confidence in the future needed to bring about the required expansion of the industry with consequent lessening of pressure on other agricultural commodities. Because of the indefinite extension and the uncertainty of economic conditions now and for an indefinite future, the limitation of sources of revenue to specific duties should be eliminated to assure adequate financing in all events, which would still be without any burden on general revenues and would only be a payment in lieu of tariff from present tariff income.

The extension of this act is essential in the interest of all of agriculture, in the best interest of all of America and of Americans everywhere. I urge that this be done without delay.

Mr. THOMSON. I would just like to comment on that statement. Time is getting short for this very necessary legislation, and I sincerely hope the committee will see fit to act upon it with due haste. I appreciate the committee has gone into it and has been acting with diligence. I hope the bill can be reported out shortly. I think it is particularly important at this time, with the condition of the wool market, that the bill should be reported and acted upon. I believe it will operate to restore confidence in the woolgrowing industry.

Furthermore, I would like to point out that wool and sugar are the two main agricultural commodities that we raise in this country in a lesser supply than which we consume them, and I think that the expansion of the wool activity will have a very desirable effect upon

other agricultural products, not only upon other forms of livestock, particularly beef, but, also, upon other crops in our irrigated areas, particularly, as well as the humid areas. A great number of those sheep are grazed upon irrigated pastures, and, if they were not used for that purpose, the land would be diverted to the production of other agricultural crops.

I sincerely hope that the committee will report this out very shortly and we can get action.

Mr. POAGE. Mr. Thomson, you may have commented on it in your statement, but the only serious argument about this bill that I have heard is relating to the promotion features rather than to the subsidy features.

Did you discuss that at all?

Mr. THOMSON. I did not discuss it at length, Mr. Chairman. I think the promotion features have worked out quite well and have merit.

I believe that the majority of people in our area would like to see it continued.

Mr. POAGE. As is?

Mr. THOMSON. Yes.

Mr. POAGE. Any questions?

Mr. DIXON. Mr. Thomson, with regard to the promotion features, is it not true that there is an additional angle in the promotion of wool and sheep, than just to meet?

Mr. THOMSON. That is quite correct.

There is a competitive product in the synthetic fibres involved in wool, and also, of course, under this program, I think the Government has an interest in seeing some of these funds used to promote the sale through normal channels to reduce any Government participation there might be.

Mr. DIXON. Therefore, the meat promotion program that we have now does not cover all the needs of the wool program.

Mr. THOMSON. No; that is correct.

Mr. DIXON. Would you prefer to have this bill come out on its own merit, or be included in one omnibus bill with other measures?

Mr. THOMSON. I would be very hopeful, particularly at this stage in the session, that the bill could come out by itself and be considered solely on its own merits. I think it is important that we get some action upon this quickly in that it would have a very desirable effect upon the wool market.

And I believe there would be less controversy if it came out by itself.

Mr. DIXON. Then you would like it to come out as soon as possible?

Mr. THOMSON. I think that is very important, with the condition of the wool market today, that it should come out as quickly as possible.

Mr. DIXON. What is the relative importance of wool in agriculture in your State?

Mr. THOMSON. Wool is one of the most important agricultural products. I think that we are about second in the Nation. Second only to the chairman's State there as far as the production of wool is concerned, and certainly there is unrest at the present time with wool being sold, what little is being sold, just a little bit under, or a little bit over 40 cents a pound.

Mr. DIXON. Thank you, Mr. Thomson and Mr. Chairman.

Mr. POAGE. Are there any further questions?

Mr. HAGEN. I have one question in connection with Dr. Dixon's questioning.

This act does not expire until next year, does it?

Mr. THOMSON. No; it does not, Congressman Hagen. But on the other hand, people are planning their herds and flocks, and it leaves them with an uncertain condition.

So that I think it is very important, as I mentioned last August 29—I think when several of us introduced this legislation, including yourself—it is important that we act at this session of Congress so as to be able to give them a look into the future so they can plan their operations accordingly.

Mr. HAGEN. Do you know offhand what the latest date next year would be for passage that would prevent a hiatus of time in the operation of the program?

Mr. THOMSON. It seems to me, and I am not positive about this, that is in April, which would be very difficult, to get the bill considered and through both Houses of Congress, probably a conference, and signed by the President by that time.

Mr. POAGE. Thank you very much, Congressman Thomson.

Mr. THOMSON. Thank you, Mr. Chairman.

Again, I express my appreciation to the committee for the action on this and the diligence they have shown.

Thank you.

Mr. POAGE. Congressman Ullman, of Oregon.

**STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN
CONGRESS FROM THE SECOND DISTRICT OF THE STATE OF
OREGON**

Mr. ULLMAN. Mr. Chairman, I want to thank the committee for the opportunity of appearing here to make a very brief statement. I would like to have my statement appear in the record.

Mr. POAGE. Without objection it will be included in the record.

(The document referred to is as follows:)

TESTIMONY OF HON. AL ULLMAN, OF OREGON

Chairman Poage, I want to thank you and the other members of this subcommittee for this opportunity to appear before you this morning in support of legislation extending the National Wool Act of 1954. I am very pleased to be a sponsor of H. R. 9535, which is one of the legislative proposals before you today.

Mr. Chairman, there is little need to dwell on the adverse economic conditions which existed in the sheep industry in 1954. The war years and the postwar years dealt harshly with the industry and sheep producers were feeling the cost-price squeeze long before this problem became the chronic ailment of large segments of American agriculture. Feed, labor, land, equipment, marketing, and transportation costs moved relentlessly upward while wool prices remained frozen throughout World War II. Following the war, keen competition from low-cost areas of the world complicated an already critical problem. It is small wonder that the 12-year period from 1942 to 1954 witnessed a 45-percent drop in the country's sheep population.

Oregon was among the hardest hit of the major sheep-producing States. In 1931 sheep numbers in the State had reached a high point of 2,679,000 head. By 1942 this figure was reduced by more than a million head and by 1954 Oregon recorded only 811,000 sheep and lambs. The percentage decrease for the years 1942-54 was a staggering 50 percent. What had once been a major industry in

the Second Congressional District and in the State of Oregon in general was rapidly reaching the point of extinction.

Prior to 1954, various approaches to the problem were tried. A loan and purchase program was initiated by the Federal Government but it merely resulted in the accumulation of a costly Government stockpile while giving little permanent relief to the average sheep producer. The decline in domestic production continued despite a sizable increase in United States wool consumption.

It became increasingly apparent, therefore, that traditional Government programs previously applied to surplus-producing segments of the agricultural economy could not be successfully applied to an industry not producing a surplus supply. Moreover, it was agreed at the time that the international situation prohibited tariff increases which would have afforded the sheep industry a measure of protection.

Faced with these problems and cognizant of the strategic military importance of wool, Congress enacted the National Wool Act of 1954. It was a new approach to an old problem but it is one that I believe has worked admirably well and which deserves to be continued. By encouraging an annual production of 300 million pounds of shorn wool, Congress has made the Nation less vulnerable to future wool shortages. By utilizing an incentive price system which allows domestic production to be sold in normal marketing channels, the 150 million pounds of wool stored in warehouses at high cost to the Government has been successfully eliminated. Moreover, these developments have occurred without upsetting tariff policies incorporated in trade agreements but rather the national wool program has made existing tariff receipts do double duty by financing the incentive payment part of the program.

There is yet another provision of the National Wool Act which I believe to be of extreme importance. I refer to section 708 of the act which authorizes a self-help program designed to promote the use of wool and the consumption of lamb. In an economy where competition is keen and advertising commonplace, promotional programs have an important role to play. I think the American Sheep Producers Council is to be congratulated on their program and I think it is safe to predict that within a few years the council's promotional activities may become fully as important to the sheep industry as the incentive payments.

Mr. Chairman, the limited time during which the wool program has been in full operation has produced encouraging results. Despite drought conditions in the Southwest and in certain areas of the Far West, production is on the way up. A once profitable industry is finding renewed vigor and the economy of sheep-producing areas is receiving a much needed boost.

In 1954 the 811,000 head of sheep in Oregon grossed \$7,852,000. In 1955 the industry grossed \$8,803,000 and in the following year, \$9,115,000. When complete data is available for 1957, I am certain a continued dollar rise will be apparent. I am equally confident that given normal weather conditions, other sheep-producing areas of the country will experience a similar rise.

I firmly believe that this improvement is directly traceable in many respect to the adoption of the National Wool Act. However, like most difficult problems, a permanent answer to the decline in the sheep industry will take time. Progress has been made since 1954, but a 15-year decline cannot be totally erased overnight. It takes time to build up flocks just as it takes time to fully implement a self-help marketing program.

Mr. Chairman, the sheep industry, armed with the national wool program, has demonstrated its ability to help itself. I am firmly convinced that they are deserving of a requested extension of the Wool Act. I know that the members of this subcommittee will give this legislation sympathetic attention and I am hopeful that they will approve legislation similar to that I have introduced.

May I again thank you for the courtesy extended to me this morning.

Mr. ULLMAN. In Oregon we have witnessed a very serious decline in the sheep industry, I think probably the most serious in the country prior to the adoption of this Wool Act. In 1931 we had 2,679,000 head, and then by 1954 this had been reduced to 811,000, which was a drastic decline in this industry. Since 1954 the number of sheep has remained stable and the gross income from this industry has raised each year: \$7,800,000 in 1954, \$8,800,000 in 1955, \$9 million in 1956. And this has stabilized the industry to the point where the sheep people are now looking forward with some anticipation to the future of this industry that has been so important in Oregon in the past.

I very much favor the enactment of this legislation, the continuation of the Wool Act. I feel it is very important to the economy of my region.

Mr. POAGE. Any questions of Mr. Ullman?

Thank you very much.

Mr. ULLMAN. Fine. Thank you for the opportunity of appearing.

Mr. POAGE. Congressman Berry, of South Dakota, is next.

STATEMENT OF HON. E. Y. BERRY, A REPRESENTATIVE IN CONGRESS FROM THE SECOND DISTRICT OF THE STATE OF SOUTH DAKOTA

Mr. BERRY. Mr. Chairman, I have only a very short statement. I previously filed my thoughts and ideas on the bill, but I would like to ask that this wool bill not be tied in with the general agricultural bill for 2 or 3 reasons.

Primarily because wool is the one crop that is in short supply, whereas the other crops are in surplus. It should stand on its own feet, separate and apart from these other crops.

Second, I am certain that the Reciprocal Trade Act will be passed, and if so it places wool in that much more of a precarious or serious position. The incentive program has proven to be sound, it has worked out, and it has provided a good price.

I think that if we continue the program as it is, extend the program for another 4 years, that we can build up a good domestic price and production without adversely affecting the foreign trade of this country.

I want to say again that if the sheep industry were returned to where it once was in this country, that we would have no surplus of any crops because the acreage that is producing surplus crops today, could take up the slack in the acreage, producing a crop that can be used domestically. And I think it would solve the surplus problem in these United States if we gave a protective tariff, which can not be done. But if we build up the sheep industry to where it once was, I think it would solve the entire surplus difficulty we are having in this country.

Mr. POAGE. I did not quite understand your statement, Mr. Berry. I did not understand about protective tariff. Did you say we had to have it in order to build it up, or we did not need it?

Mr. BERRY. No; I say we are not going to get it, we know that. But this program is a substitute and is building back the sheep numbers. And if we had our sheep in numbers back to where they once were, we would have no surplus problem in this country.

Mr. POAGE. Mr. Berry, just how much has it brought back?

Mr. BERRY. How much has it brought back? Actually, it has not brought in numbers, we have not increased too much during the past 4 years, primarily because of the drought in the Western States.

Mr. HILL. If the gentleman will yield, the history of the numbers of sheep in the United States is interesting to analyze. After we had the terrific losses of the 40's, the increase since then has been in the small herds of sheep in the eastern part of the country. In the great western range, in your area and in most of the areas of those who have testified, the increase has not amounted to too much because, No. 1, the sheep area on which they feed, having once been taken off the

range, replaced by cattle, does not very often change back. Now the truth is that we lost between 35 and 39 percent of all the western herds, the big sheep herds went out of existence. Now here are the latest figures: The high for sheep in the United States was 49,340,000 in 1942. Then they dropped down to the low in 1950 of 26,182,000. These are from the Department of Agriculture, beginning in 1938 and going through to 1957. By 1957 we have gone from 26,182,000 up to, in 1957, 26,370,000.

Now what I wanted to show, that increase has been very slow because of the fact the increase has been in the eastern part of the United States, what you call and I call the farm flocks. That is worth taking into consideration. And if we are not going to lose our sheep production and wool production, we have to bring back the large sheep producers in the western area.

As you said just a moment ago, that land is suitable for this kind of flocks of sheep. However, when once lost, it is very, very hard to have them return.

Mr. POAGE. Might I ask a question off the record—

(Discussion off the record.)

Mr. BERRY. The operation of a sheep ranch is so entirely different from the operation of a cattle ranch that it takes a long time to get back into the operation of sheep in a country after it has been developed as a cattle country.

Mr. HILL. Well the gentleman is well aware of the hard time we have had, and no one knows better than our good chairman here, in getting sheepherders. We have been passing special legislation to bring them from foreign countries.

You see what I am driving at? Why do we do that? Because the big ranchers practically eliminated that whole type of workman, or herder, when we permitted the price of wool and the price of lambs to drop so low they could not afford to continue in the sheep and wool production.

Mr. POAGE. Again off the record—

(Discussion off the record.)

Mr. BERRY. If we had a dependable long-range program that these stockmen knew would not be dumped over in a couple of years or so, I am convinced that a lot of them would go back into the sheep business.

Mr. POAGE. I think that is true.

Mr. BERRY. And that is primarily the reason that I am pressing so hard for passage of this Act, so that we can get back—

Mr. HILL. If the gentleman will yield further, that is a good argument, but it does not only apply to sheep, it applies to other farm programs as well. No farm program should be of short duration.

Mr. BERRY. That is right.

Mr. POAGE. And that raises the question, Mr. Berry, that I wanted to ask you when you first made your pronouncement that you wanted this separate and apart from everyone else's legislation.

I think I recognize the importance of the sheep business. It has been pointed out here this morning, my State produces more sheep than any State in the Union, and I think I understand how important it is, and I am for developing it. However, are sheep any more important to this Nation than wheat, corn, cotton, tobacco, dairying?

Mr. BERRY. Your problem is entirely different, though, Mr. Chairman. Your problem, with all of these other crops, is a surplus problem. Here we have a shortage. And if we would build up this crop that is in short supply it would help solve these other problems.

Mr. POAGE. I fully agree with you on that. I thought that was a fine statement that you made suggesting that it was desirable to promote the sheep industry in order to absorb some of this land from other crops. I think that is sound, and I go along with you on it.

However, it does not make any difference whether your crop is in short supply or long supply from the standpoint of the farmer. He is in just as desperate a condition when he is broke growing wheat as he is when he is broke raising sheep.

I am just wondering if you feel that we should pass legislation, singling out one industry, and say that we are going to see that you get immediate action, and say to the rest of the people "You just wait here, wait in line, we will do nothing for you now."

Do you feel we ought not to do anything about wheat, about cotton, about corn this year?

Mr. BERRY. Well, as the gentleman knows, I have been over here a good many times on wheat—

Mr. POAGE. I know you have.

Mr. BERRY. And corn. Not so much on cotton, but—

Mr. POAGE. We appreciate the fact that you have.

Mr. BERRY. The point I was trying to make is this, I do not think that this industry has any more connections with the crops that are in surplus than trying in the fishing industry.

Mr. POAGE. Well, Mr. Berry, you have not watched the way some of these people have voted, and the way some of these members have voted if you feel that there is no connection. As quick as they have gained what they wanted for their industry, they have literally thumbed at everyone else.

And we have not forgotten it either.

Mr. BERRY. Well I noticed last year that that was right, yes, on certain commodities.

Mr. POAGE. We want to take care of the sheep industry. Please understand this committee wants to do it and intends to do it, but we feel a responsibility to everyone else, too.

Mr. Simpson.

Mr. SIMPSON. Mr. Chairman, this is all very interesting to me, coming from Illinois. I understood this sheep program was sort of a trial Brannan run.

Mr. POAGE. I think it has worked very well.

Mr. SIMPSON. It has been accused of doing that.

But the thing that inflates my curiosity, is that it apparently has not raised the population of the sheep in this country.

Mr. BERRY. I think it is safe to say, Mr. Simpson, that the problem has been that we started it out in a series of dry years, drought years, when the West was gripped with drought. Now, I do not think the program has had an opportunity to demonstrate its—

Mr. SIMPSON. It has just been the opposite in the grass country on cattle. The very fact that they had a drought in Texas, and in the range areas, has caused the feeder, or the rancher, to sell his herds, and now he is building back up and not letting those cows and heifers go to market. And that has put up the price of cattle.

Has it done the same thing as to sheep?

Mr. BERRY. Well, there are two things in this act.

One is the wool support to increase the price of wool.

The second is the promotion program to promote lamb and so forth. You do not build up these programs in just 2 or 3 years, particularly when you hit drought years.

Mr. SIMPSON. I understood you, or someone here, to say this morning that what had caused the program not to increase the population of sheep in this country was the drought.

Now speaking on the cattle side of it, the drought that caused the price of cattle to go up, has it done the same thing for sheep?

Mr. BERRY. You mean the cattle numbers?

The cattle numbers have not gone up.

Mr. SIMPSON. No, I am talking about the price.

Mr. BERRY. Our problem is not a domestic problem in wool. Our problem is the pulling of wool in here through our imports. If we had a tariff, we would not have any of this—

Mr. SIMPSON. I am not trying to press the problem, but I have not received an answer to my inquiry. The very thing that made cattle go up is the fact that the people in the West are holding the cows and the heifers, keeping them off the market, which is their privilege, to raise more cattle. Now, that has caused cattle to go up due to a scarcity in the market.

The same thing happened in hogs. I would like to know if a similar population has come about in the case of sheep. Has it made the price in the market of sheep go up?

Mr. BERRY. I think the price of mutton—

Mr. POAGE. To give you an answer, the number of cattle was substantially reduced as a result of the drought. There was a much larger reduction in the number of cattle than there was in the number of sheep percentagewise. In fact, these figures show that your sheep population at least remained approximately static—while it did not increase, as you pointed out, it did not decrease.

The drought normally would have reduced the sheep numbers very materially, but we did have a program that was working, as I analyze it, and the program was successful enough that it prevented a reduction in the number of sheep.

There was no such program for cattle, and the cattle population did reduce materially.

Now, then, when we come back to restocking the range, there is a much greater incentive to buy cattle, which are in short supply than to buy sheep, which at least retained their own numbers during the drought.

And I think, as the witness says, largely due to this program, the sheep population, while it did not increase absolutely, it increased relatively because all other livestock operations in that area decrease, and the sheep population remained at least static during the drought as the result of this program.

Mr. SIMPSON. That brings me to another question, Mr. Chairman. I do not know exactly how long this sheep program has been in effect.

Mr. POAGE. Four years.

Mr. BERRY. Three.

Mr. SIMPSON. But the question is—at least you have about 50 million sheep population. Then due to importations they got out

of the sheep business, they will have two primary objectives, the wool to New England to be made. Three-fourths or more of our wool. And the supposition was that I suppose the east and west wants. It should increase the sheep population, and the consumption is low. It will greatly this country.

I would like to know whether the wool population of the less expensive with

Mr. POAGE. I would be glad to know how can reap higher profits from the increased the total amount of wool. The fact is in the wool production program, at least maintained our wool supply. But at the present time, when synthetic livestock was actually decreasing. The wool program, and the consuming static indicates that some kind of a wool program and unique quantities of this was the program that was in effect. The wool program, the removal of the National

Had you had a period in which the wool industry of the United States normally, then you could have properly. The fact that so many of my increase. But, when you have a period in which the industry all over the Nation, during and wool remains static, it seems to me that the wool program must have increased wool production to testify.

Mr. SIMPSON. Has it shown more wool production in your own committee, notified 4 years?

Mr. HILL. Yes. Let me read the figures. In 1945, we produced as 269 million pounds of wool—that is, domestic wool. In 1954, we come back to over 300 million in 1955 and 1956. In 1957, almost 300 million right through those years.

Mr. SIMPSON. Then the same number of sheep introduced H. R. 8000,

Mr. HILL. No; it gives the sheep practically the same which have won the

Mr. SIMPSON. We have more pounds of wool. I appreciate the of sheep; so the sheep must have produced more wool. I understand an hour

Mr. HILL. It is domestic that I am reading.

Mr. BERRY. Mr. Chairman, according to the wool program, some period which the Agriculture, there has been a 3 percent increase in the shorn wool goal to be percent increase in the ewe lambs.

Mr. SIMPSON. Do the people in the wool-growing area feel that the program is right, and the sheep-growing area feel that the program is right, and the wool production continued?

Mr. BERRY. They do.

Mr. SIMPSON. That is all.

Mr. POAGE. Thank you very much, Mr. Berry.

Mr. BERRY. Thank you.

Mr. POAGE. Do we have other Members of Congress who are explaining

We have Congressman Burdick of North Dakota who has received statement.

(The document referred to is as follows:)

STATEMENT OF HON. Usher L. Burdick, a Representative FROM THE STATE OF NORTH DAKOTA

Mr. Chairman, members of the committee, my name is Usher L. Burdick. I reside at Williston, N. Dak., and am a wool producer. I am a member of the wool industry which is a large producer of wool.

We all know that wool is a strategic element of our national segment of our national wealth. The Congress has recognized that million pounds of shorn wool annually are necessary to the welfare.

From testimony which has been brought to my attention, this goal cannot possibly be reached in less than 6 years. The Act took effect on April 1, 1954. As you all know, the wool

try was in a sad and depressed situation, and it is clear that its revitalization and recovery of the production lost prior to that time will take approximately 15 years. In addition, other special problems facing our woolgrowers will take that much time, or more. The provisions of the original Wool Act of 1954 were limited to 4 years so that Congress could see what progress was being made. From all over the country in regions where wool is being produced we have letters showing the phenomenal success which has been attained.

We have no stockpiles of wool. It is not being stored in warehouses with resultant high cost to the Government. On the contrary, every pound produced is being marketed and moved into channels of consumption. Flocks are no longer being liquidated, but wool is still in deficient supply and needs different treatment than do commodities which are in surplus supply.

The wool now being produced is less than one-third of our normal peacetime requirements, and all imported wool must be shipped 6,000 to 12,000 miles, with the hazards inherent in bringing it such long distances. There is also to be considered the lower cost of producing wool in other countries, which works a definite hardship on our own sheepmen and have forced many of them out of business in the past.

It therefore appears to me highly desirable that the Wool Act should be indefinitely extended. Any limitation placed upon its extension at this time would seem to me to work against the interests of the woolgrowers and of the Nation at large.

I therefore respectfully request the committee to give favorable consideration to my bill, H. R. 11953, and to other identical bills now before you.

Mr. POAGE. Mrs. Gracie Pfost wishes to have announced that she was unable to appear in person because of her own subcommittee meeting this morning, but that she would submit a statement.

(The document referred to is as follows:)

STATEMENT OF HON. GRACIE PFOST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. Chairman, My name is Gracie Pfost, and I am a Member of Congress from Idaho. I appreciate this opportunity of stating my views because I am a sponsor of one of the bills you are considering to extend the National Wool Act (H. R. 9973).

The sheep industry of Idaho presently brings into the State a cash income of approximately \$25 million annually. This provides a livelihood for a number of our citizens, as well as tax revenues for our schools, roads and the other needs of our State. I am convinced that extension of the National Wool Act is essential for the survival of this important industry.

My State of Idaho is fortunate in having some of the finest natural grasses in the United States, and the harvesting of this natural resource through the raising of sheep has long been an important factor in our agricultural economy. Fifteen years ago, at the beginning of World War II, Idaho's sheep population totaled 1,858,000. A number of economic factors plaguing the sheep industry in the years that followed reduced the number of sheep that roamed Idaho's hills, valleys, and deserts by 46 percent. The same story was repeated in most of the other important sheep raising States, and the sheep industry became an unprofitable enterprise.

The National Wool Act of 1954 has reversed that downward trend. In fact, Idaho's stock sheep population on January 1 of this year was 5 percent higher than it was a year ago. The number of ewe lambs has also increased, and is almost 6 percent over what it was a year ago. Ewe lambs are the future breeding stock of the sheep industry, and I am convinced they will be producing lambs in Idaho 2 years from now if the National Wool Act is extended.

The sheep producers of Idaho are especially interested in the self-help promotion program which has been established under the National Wool Act. Under this program growers contribute a portion of their incentive payments to nationwide advertising of both lamb and wool. Since the sale of wool accounts for only 20 to 25 percent of the cash income Idaho Sheep producers receive, and the sale of lambs accounts for from 75 to 80 percent, you can see why these producers are interested in a program which promotes both lamb and wool. Incidentally, while Idaho is noted all over the Nation for her wonderful potatoes, let me mention right here that some of the finest and most appetizing lamb gracing the dining tables of the Nation is raised on the wonderful natural grasses of Idaho.

The present promotion program on lamb has two primary objectives:

1. The first is to widen the outlet for lamb. Three-fourths or more of our total lamb production is consumed in two areas on the east and west coasts. If demand for lamb can be widened in areas where consumption is low, it will greatly strengthen our markets.

2. The second objective is to increase the popularity of the less expensive cuts of lamb. Leg of lamb and lamb chops move readily, but if the less expensive cuts can be popularized, packers and retailers can reap higher profits from the entire lamb carcass.

Idaho sheep producers are also most interested in the wool promotion program. They feel this program is also vital, especially at the present time, when synthetic fiber manufacturers are financing huge advertising programs, and the consuming public must be kept thoroughly conscious of the virtues and unique quantities of the wool fiber.

Mr. Chairman, and members of this subcommittee, the renewal of the National Wool Act of 1954 is necessary if the woolgrowing industry of the United States is to be continued on a healthy, expanding basis. The fact that so many of my colleagues have introduced the bill to extend the National Wool Act indicates they realize the importance of this act to the sheep industry all over the Nation. I hope this subcommittee will take favorable action on the measure.

Many thanks for your courtesy in giving me this time to testify.

Mr. POAGE. Mr. Krueger, a member of our own committee, notified us that he would be here to present his statement this morning.

(The document referred to is as follows:)

STATEMENT OF HON. OTTO KRUEGER, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF NORTH DAKOTA

Mr. Chairman, and members of the committee, since I introduced H. R. 9675, to extend the National Wool Act of 1954, at the request of North Dakota woolgrowers, there have been some changes in this legislation which have won the wholehearted support of woolgrowers throughout my State. I appreciate the opportunity to appear in behalf of two amendments, which I understand are being proposed formally by Congressman Fisher.

The first of these amendments is to eliminate the 4-year time period which the extension would grant, thus allowing the 300-million-pound shorn wool goal to be the limiting factor, rather than a given date.

The second proposal, with which I also concur, would permit the Department of Agriculture to use moneys up to a limit of 70 percent of ad valorem duties on wool as well as the 70 percent of specific duties now provided in the act. There is a danger that the original limit might be insufficient to accomplish the purposes of the act. This is particularly true in view of less revenues from raw wool tariffs and the increasing imports of wool fabrics.

I believe both of the amendments are sound, Mr. Chairman, and wish to express my support of them.

Mr. POAGE. Mr. Porter, of Oregon, has written a letter explaining that he could not be here today, but that he was in sympathy with this bill, and asked that his letter be made a part of the record.

(The letter referred to is as follows:)

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 19, 1958.

Hon. W. R. POAGE,

Chairman, Subcommittee on Livestock and Feed Grains,

Committee on Agriculture, House of Representatives, Washington, D. C.

DEAR MR. CHAIRMAN: I understand that legislation proposing the extension of the National Wool Act for 4 years will be considered Tuesday, May 20, by your subcommittee. I regret that I will be unable to appear before you in person and respectfully request that this letter be considered as a part of the official hearing record.

The legislation proposed is of prime concern to the Governor of my State, the Honorable Robert D. Holmes, and to the State director of agriculture, Robert J. Steward. Both of them believe there is desirability for extending the National Wool Act for another 4-year period, as proposed by Representative Aspinall (H. R. 9539) and others.

They have sent to me information which indicates that Oregon's sheep industry has shown definite and measurable signs of stabilization and strength since passage of the original act in March of 1954.

I agree with them that it is important to preserve and strengthen industries and sources of new wealth. They see for the Oregon sheep industry a much brighter future. As Governor Holmes wrote me on January 23, 1958:

"The trend in recent years has seen a shift of production from Eastern Oregon range lands to Western Oregon farms and ranches. This can mean a stronger wool and lamb industry throughout the entire State because of the added diversification it brings to smaller farm units."

This can mean a great deal to my State and the Fourth Congressional District of Oregon. I hope the committee will give the proposed legislation every possible consideration.

Sincerely,

CHARLES O. PORTER, *Member of Congress.*

Mr. POAGE. Congressman Miller, of Nebraska, asked permission to include a telegram from the manager of the Nebraska Wool Growers Association, which telegram will be included,

(The letter and telegram referred to are as follows:)

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 19, 1958.

Hon. HAROLD D. COOLEY,
*Chairman, House Agriculture Committee,
House of Representatives, Washington, D. C.*

DEAR MR. COOLEY: I trust the Agriculture Committee will see fit to report the wool bill which has been of considerable benefit to the industry.

If some improvements can be made, well and good. Otherwise I believe they are satisfied with the present arrangements.

I ask permission to include a telegram from the manager of the Nebraska Wool Growers Association in which they urge early, favorable action by your committee.

Sincerely yours,

A. L. MILLER,
Member of Congress, Fourth District, Nebraska.

Representative A. L. MILLER,
House Office Building, Washington, D. C.:

Wool Act hearings reopen in House Agriculture Committee 10 a. m. Tuesday. Wool Growers Association urges early action by committee. We greatly appreciate your efforts in our behalf and earnestly hope you can contact committee members expressing your interest.

CARL NADASEY,
General Manager, Nebraska Wool Growers Association.

Mr. POAGE. The letters and the statements will be included without objection in the record, and the committee will note the interest of these members.

We have with us Congressman Fisher, who probably represents more sheep than anyone else in the United States. He has been before our committee before.

We are always glad to have you, and we will be glad to hear from you.

STATEMENT OF HON. O. C. FISHER, A REPRESENTATIVE IN CONGRESS FROM THE 21ST DISTRICT OF THE STATE OF TEXAS

Mr. FISHER. Mr. Chairman, I will not take the time of the committee. I testified before when you had the other hearing.

Since you refer to the number of sheep in my district, I might point out, as a good example, what the gentleman from Illinois referred to in regard to the difficulty in raising the number, in developing his

questioning, even though my district normally grows more sheep than any other district in the country, during the drought it dropped down to at least 50 percent in total number, and except for the program undoubtedly would have dropped more.

I strongly support this program. I hope the committee finds it proper to handle the bill separately, since it does deal with a little different situation than most of the crops. But of course, it is for the committee to decide.

Mr. HILL. Let me ask you a question. What percentage of sheep actually were increased in numbers in your area because of this legislation?

Mr. FISHER. Of course, right at this time the fact that we have an incentive program is causing a lot of people to try to build up their flocks. They have some stability, something to look forward to.

Actually there is no way of knowing how much the drop would have been except for the program. But certainly there would have been more of a drop except for this program.

Mr. HILL. And it is increasing the number of sheep?

Mr. FISHER. Now that we have finally had rain, this program will have a lot to do with the sheep numbers in the district I represent.

Mr. HILL. Then would you express an opinion of how long a time we should extend the program?

Mr. FISHER. I think it should be extended at least for the 4 years. Of course, personally, I prefer there be no expiration date, but I am aware of the fact that you usually, as a matter of practice, do not do those things. But if it could be done under the committee's policies, I would like to see no expiration date. But if there is one, I think it should at least be for the 4 years.

Mr. SIMPSON. According to your views, the legislation has been the means of keeping the sheep population from going further down?

Mr. FISHER. I do not think there is any question about it. I think there would have been a rather substantial reduction in sheep numbers and in wool production except for this program the last 3 years.

Mr. SIMPSON. I am not thoroughly familiar with this sheep program. When I saw that it has been in effect 4 years and has not raised the sheep population, it sort of excited my curiosity.

Mr. FISHER. We had a very abnormal situation the last 3 years, as has been developed here.

Mr. SIMPSON. You think the drought has been the main factor for the population not increasing?

Mr. FISHER. That certainly has been the only thing that has caused it in my area. And as I say, there the population dropped at least 50 percent during the drought.

Mr. HILL. I would like to ask one more question, if the chairman will permit. I think we ought to discuss, and no one has, the situation that might exist if we should let our sheep population and our production of wool drop very much toward the bottom. The reason I ask that, where would we replace the necessary wool if we fail to produce a third of what we use? I think that is about the limit. Now where would that replacement be imported from?

Mr. FISHER. Of course, obviously, that would be made up in imports, or turning more to synthetics.

Mr. HILL. However, if we really want wool, though, our greatest poundage always has been from where? Australia; isn't it?

Mr. FISHER. Australia and New Zealand.

Mr. HILL. That is a long way to ship wool. I just mention that because it is important to know where we get our supply.

Mr. POAGE. May I suggest in that connection, it seems clear to me that the same thing confronts wool that confronts cotton. I do not think there is any difference in the danger the industries face. The wool industry has not recognized the threat of synthetics as quickly as cotton has, but synthetics are being made that certainly are facing wool with serious competition. Wool faces exactly the same problem that cotton does in that respect.

If you simply rely, as was suggested here this morning, on protective tariffs, and simply try to run your price exceedingly high, high enough to make a profitable return to the producer, you will overprice your commodity in comparison with synthetics, which will inevitably move in and take your market.

Obviously, this is the only way that you are going to be able to stay in the wool business, that is by the use of a subsidy. You could keep every pound of wool from Australia, New Zealand, or anywhere else out of the United States, and you would then have a deficit. But it would not take 3 years for the synthetic people of the United States to be supplying every bit of that deficit, and they would probably be running every bit of wool out of the market because they would be producing cheaper than you could produce it.

Mr. SIMPSON. Will the gentleman yield?

You are definitely right, you cannot go downtown in Washington right now and buy the old-time seersucker cotton suit. They are all advertised with dacron—wool—wash and wear—throw it in the tub, dry it for an hour, and put it back on and wear it.

Mr. HILL. I might mention one place where they are not substituting synthetics for wool. Have you ever tried to wear them in 10° and 20° below zero, a synthetic shirt or synthetic suit? You certainly cannot. You can do it in the summertime, but if you are going to work up in the North Pole, 40° or 60° below zero, or fly above the earth, at 100° below zero, you are not going to put on synthetics, I am telling you that. It is wool you need and must have.

Mr. McINTIRE. I would like to ask Mr. Fisher if the program is equally effective as to mohair? I believe in your area there is a substantial amount—

Mr. FISHER. In answer to the gentleman's question about mohair, I will explain for the record wild mohair is included in the wool program, the average price of mohair in the past 3 years has been selling above the incentive level.

Right at this time we are suffering from the low price of mohair and reductions in demand—and in the temporary situation we may have to go under the program during this marketing year. But it will be the first time in history that mohair has ever been under any kind of Government program.

Mr. McINTIRE. Then would it be your opinion, Mr. Fisher, that legislation should continue to be effective in that area as well as—

Mr. FISHER. That is true. We are beginning to see a very pressing need at this time in the mohair.

Mr. POAGE. Any further questions?

Mr. QUIE.

Mr. QUIE. Mr. Chairman, does anyone know what the price of wool is in Australia, and then when it gets to this country at the dock, what it costs to the mill?

We are coming to that later on, I suppose.

Mr. POAGE. I believe so, yes.

Mr. QUIE. All right, I will wait.

Mr. POAGE. Are there any further questions of Mr. Fisher? If not, Mr. Fisher, we are very much obliged, and we would be glad to have you stay with us.

Are there any other Members of Congress who desire to be heard?

If not, I will call Mr. E. C. Salyer. Is Mr. Salyer here?

STATEMENT OF MR. E. C. SALYER OF SALYER LAND CO., ACCOMPANIED BY MR. GORDON H. GARLAND, PUBLIC RELATIONS AND LEGISLATIVE COUNSEL

Mr. SALYER. Mr. Chairman, and members of the committee, I have with me Mr. Gordon Garland, a public relations man, and he has a prepared statement.

I would like to ask permission of the chairman to let Mr. Garland testify. I will be glad to make any comments that you would like to have me make, but he has prepared a statement, and I would like to have him testify on behalf of the Salyer Land Co., which I represent.

Mr. POAGE. Would you tell us where that is located?

Mr. SALYER. Salyer Land Co. is in Corcoran, Calif., Kings County.

Mr. POAGE. You want Mr. Garland to testify?

Mr. SALYER. I would appreciate it.

Mr. POAGE. We would like to hear him.

Before you proceed, Mr. Garland, the Chair would like to welcome this delegation from Arkansas. I do not know just exactly where they are from, but I can see by their looks that they are from northeastern Arkansas, and they are all deeply interested in cotton. Their Congressman is the chairman of the Cotton Subcommittee, and he is one of our outstanding members of this Agriculture Committee. Oh, he is right with you; isn't he?

We are delighted to have all of you with us, and hope you will stay with us as long as you see fit. Feel free to come and go as you see fit, and we will carry on the work of the committee.

Mr. GATHINGS. Thank you, Mr. Chairman.

Mr. POAGE. We are glad to have you.

Now, Mr. Garland, you may proceed.

Mr. GARLAND. Mr. Chairman and other distinguished members of your committee, and may I pay my particular respects to my own Congressman from my district in California, Congressman Hagen, a personal friend of mine for many years.

I have a prepared statement I would very much appreciate having the members of your committee follow, because we have endeavored to prepare the statement in such a manner that it may provoke questions which we hope will be helpful in finding a solution to this difficult problem.

The opportunity to present this statement in support of the proposed extension of the Wool Act of 1954 is deeply appreciated by both my client and myself.

The Salyer Land Co. is completely owned and operated by Mr. E. C. Salyer, who is present this morning, and his family.

Farming operations of the family are well diversified and include the production of feed and seed grains, cotton, sorghum grains, sugar beets, alfalfa, livestock breeding, and feeding of cattle, sheep, and hogs.

Cursory study and examination of the transcript of testimony presented heretofore to this committee indicates that the Salyer Land Co. is in substantial agreement with the views expressed by the National Farmers Union, the National Grange, Mr. Don Clyde, and Mr. Edwin E. Marsh, president and secretary, respectively, of the National Wool Growers Association, all of which presentations have been in the interest of the producer.

We believe the statements by Congressmen Engle and Moss are particularly expressive of conditions, attitudes and opinion in California. The statements of the other distinguished Congressmen and Senators make the same reflections for their respective districts. Their views all indicate almost complete approval of the proposed extension of the act.

Hon. Marvin McLain, Assistant Secretary of the Department of Agriculture, assisted by his staff members Mr. Frank W. Immasche and Mr. F. Richard Burke, has presented the position of the Department based on trial and error experience with the act in a very clear and cooperative manner. We are in complete accord with their findings and with their recommendations.

In addition to all of this testimony, however, we wish to place further emphasis on certain features of the problem and stress the singular importance of certain parts of the act.

Specifically, we want to stress the effect of the act on the price structure of sheep and wool (present and past), producer-operating credit stabilizing and increasing flock numbers and wool production, the effect of the act on the general economy, and the promise of further benefits through extension and continuity.

The short life of the Wool Act has demonstrated its value to the sheep and wool producers and has emphasized its importance to the national economy.

Important among the many advantages which have accrued to the credit of the act is the half in the declining number of sheep and producers which characterized the years preceding its adoption. Of equal significance and importance is the complete disposition of the large wool stocks accumulated in the hands of the Federal Government under former support practices. This inventory liquidation occurred simultaneously with the successful movement of current crops into channels of trade.

Possibly the most significant attribute of the Wool Act is that it has demonstrated and proved the feasibility and the practicability of successfully supporting an important segment of our farm economy without creating a surplus in inventory and without any serious disturbance to the import conditions under which friendly foreign countries continue to deal with us.

With further experience with the Wool Act on a trial-and-error basis, it is entirely possible that it may point the way to more success-

ful and satisfactory methods of treating with the problems which continue to vex and burden other phases of our farm economy.

Just as the operation of the act has demonstrated its worth and usefulness to date and now clearly indicates great potential gains yet to come, so does the short trial-and-error period conclusively point to some needed refinements. This probability was prophetically suggested by this committee at the time the act was in the final stages of consideration just prior to its enactment.

PERMANENT STATUS

It is our studied opinion that enactment of the Wool Act of 1954 on a permanent basis would provide greater stability of price structure for both wool and sheep than has been realized from term enactment. We submit the following data to support our claim.

The annual ram sale held in Sacramento, Calif., each year shows this significant difference in price range:

	(Average price per head)
1957 sale.....	\$134
1958 sale.....	114
Average price advantage per head greater in 1957.....	20

The average price received for lambs for slaughter during the 2 years shows a like difference:

Average price for May, 1957, 22½ cents per pound.

Average price for May, 1958, 21.63 cents per pound.

Average difference \$0.0087 or almost 1 cent per pound.

Price of wool April 15, 1957, 52.3 cents per pound or 80 percent of parity.

Price of wool April 15, 1958, 37.7 cents per pound or 53 percent of parity.

Mr. POAGE. Right there there appears there may be some misunderstanding on that. What did the producer receive?

Mr. GARLAND. The producer received the price that is provided through the support that comes to him through the funds available through the collection of tariffs.

Mr. POAGE. In other words, the future income was not hurt by the program?

Mr. GARLAND. That is correct. However, we believe this disparity in price structure, Mr. Chairman, indicates a weakening in the whole price structure as far as the local level of prices is concerned because of the uncertainty as to whether or not the act is to be re-enacted.

Mr. SIMPSON. Would the gentlemen explain for the benefit of the committee why these prices did not affect the income of the producer?

Mr. POAGE. Because a payment was made. The Government made up the difference.

Mr. SIMPSON. What did the program cost the Government?

The reason it was not a loss to the producer was because of Government subsidy.

Mr. GARLAND. That is correct.

Mr. HARVEY. Was the tariff changed as a result of this bill?

Mr. POAGE. No.

Mr. SIMPSON. Then actually, the subsidy has not cost the taxpayer anything, it has been taken out of——

Mr. POAGE. Well, I do not think it is fair to say it is not going to cost the taxpayers anything.

I wish that were so, but obviously, if you take money out of the Treasury, it does not make much difference how it got in there, whether it came from income tax, whether it came from excise tax, it all came out of the Treasury.

Mr. SIMPSON. It is not a special tax?

Mr. POAGE. It is not a special tax, no.

Mr. HILL. In other words, it did not change what the taxpayer already was paying for his price of wool.

It just changed how the money from the tariff was being used.

Mr. SIMPSON. How much did it cost?

Mr. GARLAND. How much did it cost for what, may I ask?

Mr. POAGE. Ed, can't you tell us what that costs?

Mr. GARLAND. The Department representatives here would have that in detail, I am sure. I have it, but I do not have it in my statement.

Mr. POAGE. I am asking some of these fellows if they cannot tell us that, because it would be very helpful if we could get these things answered as they come up.

STATEMENT OF EDWIN E. MARSH, EXECUTIVE SECRETARY, NATIONAL WOOL GROWERS ASSOCIATION, SALT LAKE CITY, UTAH

Mr. MARSH. The first year the program cost about \$57 million and the second year, about \$52 million. It would be less on payments to be made this year because the price of wool was higher last year. I think payments this year will be somewhere in the 20 millions.

Mr. FISHER. I think it would be well to point out that the fact we have had this program financed from the income from the tariff may help prevent the tariff from being lowered during this period.

Mr. JOHNSON. In that case, the consumer pays, because if the tariff——

Mr. HILL. That is exactly what happens on everything. I know of nothing where the consumer does not pay——

Mr. JOHNSON. I did not want to get the idea it was not costing us something.

Mr. HILL. We are paying on milk, I remind the gentleman, too.

Mr. POAGE. It is not for free; we do not get anything for free.

Mr. HILL. We do not look for it; we are not disappointed.

Mr. QUIE. Mr. Chairman, in order to get a better understanding of what this will cost, do you have the average price that was paid for the 2 years previous to the 2 you gave? You gave the 1958 price and the 1957, 1956, and 1955.

Mr. GARLAND. Did you allude to the price paid per pound or the gross cost to the——

Mr. QUIE. Similar to those figures you gave of 52.3 for 1957 and 37.7. Of course that is not an average price for 1958 because we do not know what it will average out for the year.

Mr. GARLAND. The Department has those figures. I believe the support price, incentive price, was set at the same figures both years.

I stand subject to correction by the members of the Department who are present. I believe it was 62 cents.

Mr. QUIE. For both 1955 and 1956?

Mr. GARLAND. That is my understanding.

Mr. MARSH. The average farm price of wool for the first year of the program was approximately 42 cents, and the percentage difference between the 42 cents and the incentive level of 62 cents was paid to the producers. And the second year the farm price was around 44 cents. For the third year it will be around 52 cents. In each case the percentage difference between the farm price and the incentive level of 62 cents is added to the producer's net return and this constitutes his incentive payment.

Mr. POAGE. Mr. Marsh, I think that what Mr. Quie wanted to ask would be answered by pointing out that in 1954, just before this program came into effect, that the average price was 53.2 cents, and that was the then support level because prior to this time we supported wool through a loan program exactly as we support cotton and wheat. And that loan program was 53.2 cents, and the market price was 53.2 cents in 1954. And in the previous year, 1953, the market price was 54.9 cents and the support price was 53.1 cents.

Mr. QUIE. But according to these figures that 52.3 we received in 1957 was higher than the 2 years previous, so the 1958 price really is not unreasonable, if it were stimulated a little bit it would be back up there around 42 and 44 cents. And it costs the Government about the same as it does those first 2 years.

Mr. JOHNSON. How could he arrive at that 53 percent of parity on page 4?

Mr. GARLAND. That is the presently quoted price for wool, domestic price, without the incentive payment.

Mr. JOHNSON. How much a pound?

Mr. GARLAND. That is the present quotation, 37.7. That was as of April 15, 1958.

Mr. POAGE. You may proceed.

Mr. GARLAND. In addition to this price structure disparity, we are convinced that other harmful effects are resulting from the uncertainty of the reenactment of the law. Speaking now, in part, from years of experience in the banking business where a large part of our clientele consisted of farmers and also as one now who must convince the banker or lending agency of the soundness of the credit of the borrower, we are convinced that the present uncertain state of the act is contributing to tighter and more difficult operating credit arrangements for the producer.

We are just as certain that this credit restriction is unfavorably influencing the number of ewe lambs being held over to increase breeding stock numbers. It is also apparent to us that the manufacturer is projected into a state of indecision by the present uncertain status of the law.

Among specific advantages of the act is the general increase in the flocks. In the case of my client, Mr. Salyer of the Salyer Land Co., the number of breeding ewes has been doubled or increased from 6,000 to 12,000 head together with the necessary increase in the number of breeding rams which now number approximately 400.

These numbers will be further increased by my client with the reenactment of the law. This is further evidence of the fact that

potential gains remain to be realized from the act and suggest the advisability of permanent status for the law.

The degree of unanimity for approval of reenactment of the law we believe will justify its permanent reenactment.

We also believe that the disadvantages we have enumerated will be eliminated. Any corrections or revisions of the act will always be possible in any general session of the Congress.

Section 708: In the category of emphasizing the importance of certain sections of the Wool Act, we desire to dwell on section 708. The underlying principle interwoven into this section is indispensable to the success of the act and to the accomplishment of the purpose we believe the Congress envisioned at the time of adoption.

The deduction of funds from the growers' payments in amounts agreed to by the Secretary of the Department and the ASPC is a sound, simple, and well-established practice.

The principle of expanding consumption through advertising and sales promotion as well as establishing consumer preference in the market place is now a necessary part of business. Building prestige and good will in behalf of commodities is likewise accepted as good business practice.

It so happens, I have for 35 years contributed to the building of demand for California Sunkist citrus fruits, for Blue Anchor grapes and tree fruits, and to the expansion of the olive market on almost the same basis as far as deductions are concerned. The success of these groups is well known and certainly due in great measure to the degree of promotion involved.

Had the financing of the sales promotion in the case of these products been dependent on the individual growers' contributions in a less certain and direct way, failure would have resulted.

We know of no case wherein a sheep and wool producer or anyone else who is sincerely interested in the success of the Wool Act of 1954 is possessed of a radically different opinion.

To disrupt the procedures and practices provided for in section 708 of the act would be to trifle with the very purpose for which the act came into being.

The contractual arrangements between the Secretary of the Department and the ASPC which stem from section 708 provide adequate and constant safeguards which assure the continuity and success of the whole act in behalf of the producer. Activities carried out under this section also lend valuable demand and price structure stability to the manufactured end products of wool. The constant and growing competition from synthetics and other fibers cannot be successfully dealt with in any other way.

In conclusion, we believe that reenactment of the Wool Act of 1954 on a permanent basis is now advisable. Reenactment, however, on a term basis should by all means be with an undisturbed continuation of section 708.

Mr. Chairman, that concludes my written statement.

Mr. POAGE. Thank you very much.

Congressman Hagen wanted to ask you a question.

Mr. HAGEN. Mr. Chairman, Mr. Marsh is present, is he not?

Gordon, I wish you would put in the record yourself, with the help of Mr. Marsh, a list of the vital uses of wool. One of the justifications for this act is that this is a commodity which we must have in wartime,

and therefore we should preserve the wool industry. I wonder if you or Mr. Marsh could supply that information for the record?

Mr. GARLAND. The quantitative uses of wool for what purposes it is used, and insert it in the record?

Mr. HAGEN. All, an exhaustive list.

Mr. GARLAND. Yes, I would be very happy to participate in that with Mr. Marsh.

(The information above referred to is as follows:)

End use consumption of apparel wool, scoured basis, United States, 1955

	<i>Million pounds</i>
Men's and boys' wear:	
Winter-weight suits, including custom made.....	54.8
Summer-weight suits, including custom made.....	5.0
Civilian uniforms.....	5.4
Separate coats.....	8.0
Separate slacks.....	26.3
Overcoats, topcoats, and stormcoats.....	17.5
Outdoor jackets.....	28.7
Athletic uniforms.....	.6
Sweaters.....	13.7
Robes, smoking jackets, and neckties.....	5.7
Work shirts.....	.7
Business, dress and military shirts.....	2.0
Sport shirts, woven.....	8.0
Sport shirts, knit.....	.6
Underwear, knit.....	.8
Hose, all types.....	7.3
Other furnishings.....	5.9
Total.....	191.0
Women's and misses' wear:	
Suits.....	17.7
Skirts.....	21.3
Slacks and slack suits.....	1.7
Unit-priced dresses.....	10.6
Dozen-priced dresses.....	.8
Coats.....	66.6
Sweaters.....	11.2
Loungewear.....	1.9
Blouses and shirts.....	5.5
Underwear, knit.....	.3
Nightwear, knit.....	.1
Anklets and socks.....	.2
Gloves.....	1.1
Other accessories.....	4.6
Total.....	143.6
Children's and infants' wear:	
Suits and skirts.....	2.8
Slacks and slack suits.....	.6
Dresses.....	.8
Coats, jackets, etc.....	19.7
Sweaters.....	2.5
Blouses and shirts.....	.1
Other outerwear.....	2.7
Total.....	29.2

End use consumption of apparel wool, scoured basis, United States, 1955—Continued

		<i>Million pounds</i>
Home furnishings:		
Blankets and blanketing.....		23.4
Upholstery and slipcovers.....		.9
Total.....		24.3
Other consumer-type products:		
Apparel linings.....		27.9
Apparel piece goods.....		29.0
Handwork yarns.....		6.7
Toys.....		.1
Miscellaneous.....		.1
Total.....		63.8
Industrial uses:		
Transportation upholstery.....		5.7
Felts.....		11.7
Filteration.....		4.0
Miscellaneous.....		.2
Total.....		21.6
Exports of domestic products:		
Fabric.....		1.8
Yarns and thread.....		1.7
Total.....		3.5

Includes new and reused and reprocessed wool and other animal fiber used in the production of items other than carpets and rugs. The survey measures the poundage of fiber consumed in the production of textile products in the United States and hence includes imports of textile raw materials and semimanufactured goods. Wool used in the production of military blankets is not included, but wool used in the production of military garments, except those cut from Government-owned fabric, is included.

Source: Compiled from Textile Organon, a publication of the Textile Economics Bureau, Inc.

Apparel wool consumption and fabric production within the woolen and worsted industry, average 1935-39, annual 1939-45

	Unit	Average 1935 to 1939	1939	1940	1941	1942	1943	1944	1945
Mill consumption (scoured basis):									
Military and export.....	Million pounds.	3	9	43	140	442	385	254	326
Civilian.....	do	278	284	267	376	129	207	323	263
Total.....	do	281	293	310	516	571	592	577	589
Woven fabric production:									
Military and export.....	Million yards.	14	8	28	91	274	273	146	193
Civilian.....	do	1344	364	313	412	254	263	382	300
Total.....	do	1348	372	341	503	528	536	528	493

¹ 1934-38.

Source: From Wool During World War II, War Records Monograph No. 7, Bureau of Agricultural Economics, USDA.

Total mill consumption and fabric production are from Bureau of Census reports except for fabric production in the years 1940 and 1941 which were estimated in part from reports of the National Association of Wool Manufacturers. The breakdown is part between military, export, and civilian was obtained as follows: Fabric production, 1934-38, 1939, 1942-44, and first half of 1945, material as published by the WPB. 1940, 1941, and second half of 1945 from announced

military requirements. Wool consumption 1942-44 and first half of 1945 from unpublished WPB data on rated orders. 1935-39, 1940, 1941, and second half of 1945 from announced military requirements and purchases. In addition, reports of the National Association of Wool Manufacturers and the Army Quartermaster, data pertaining to civilian production, and other information were used. Data on mill consumption include wool used on cotton and other systems of spinning and wool processed into felts and knitgoods, in addition to wool processed into woven cloth. In 1939, these other industries used about 16 percent of the total apparel-wool consumption. They were a smaller proportion during the war.

Wool used by the military forces, scoured basis, United States, 1950-52

	Million pounds
1950.....	30
1951.....	150
1952.....	65

Source: From Textile Organon, a publication of Textile Economics Bureau, Inc.

Wool used by the military forces, clean basis, United States, 1955-57

[In thousands of pounds]

Item	1955	1956	1957	Item	1955	1956	1957
Mitten set.....	9	6	7	Jackets.....		61	139
Blankets.....	1, 185		850	Knitted cloth.....		5	
Serge.....	5, 842	2, 859	6, 675	Caps.....			1
Gloves and inserts.....	8	5	107	Braid.....			10
Socks.....	190	1, 165	731	Tropical cloth.....			4
Trousers.....	1	15	24	Other.....	1, 277	784	1, 617
Barathes (wool cloth).....		12	14	Total.....	8, 512	4, 896	10, 704
Drawers.....		32	525				
Sweaters.....		2					

Poundages shown are derived from information furnished to the Department of Agriculture by the Department of Defense on receipts of major textile items by the Armed Forces. The fiber equivalent of the individual products is determined by using conversion factors, developed for this specific purpose, which take into account waste in manufacture and nonfiber content. Since the textile items reported by the Department of Defense cover about 80 to 90 percent of the textile items actually delivered, the fiber equivalent of the total reported receipts is divided by 0.85 to arrive at an estimate of total fiber used in all textile items delivered to the military. This adjustment is listed as "other" in this table.

Mr. GARLAND. I would like to say, Mr. Congressman, in response to your observation, that while I concur in the thought that this act came into being as part and parcel of a program to support our national economy and our national security, I believe that the program would be entirely justified even if we forgot about the national security facet of the reason for why it came into being.

Mr. HAGEN. Another question I want to ask you: Are sheep grown principally, if there is a principal purpose, for the meat or for wool?

Mr. GARLAND. Well, it is impossible, as far as I have been able to observe, to grow them for one purpose without the other. As long as there is a demand for meat, the wool is an annual crop and you would either turn the increase into meat after taking the pelt off, or you would just have continuous increase in the number of your herd for the production of wool.

Mr. HAGEN. Now another question on this promotion fund which you refer to in your statement. Is that devoted exclusively toward expanding meat consumption, or do you do some of that institutional fiber advertising, such as the synthetic fiber industry does, advertising acrilon and these various synthetics?

Mr. GARLAND. It is used for both, Mr. Hagen. The maximum amount is set forth, the maximum amount of the deduction from the producer is set forth, in the contract between the Secretary of the Department of Agriculture and the American Sheep Producers Council. At the present time that deduction cannot be in excess of 1 cent per pound on the wool, and the equivalent of that in lambs going to slaughter.

Mr. HAGEN. It is used for both the fiber promotion and the meat promotion; both purposes?

Mr. GARLAND. Yes; it is. And that ratio is worked out cooperatively between the Secretary of the Department and the producers council.

Mr. HAGEN. One other question, and then I would like to make an observation, Mr. Chairman.

You referred to the disposal of Government-held surpluses following the adoption of this program. Now I would assume, and if I am wrong correct me, that prior to the adoption of this program the Government was engaged in a conventional price support operation with respect to wool; is that correct?

Mr. GARLAND. That is correct.

Mr. HAGEN. They were either making purchases of wool or making loans on wool?

Mr. GARLAND. They engaged in both during the 10 to 12 years immediately proceeding the adoption of the act—

Mr. HAGEN. And as a result they accumulated substantial surpluses—

Mr. GARLAND. That is correct.

Mr. HAGEN. Which they were paying storage on and so forth?

Mr. GARLAND. That is correct.

Mr. HAGEN. With that, establishing that fact, Mr. Chairman, I would like to make this observation:

There is a lot of talk around, and particularly in this committee, about how we can distinguish this wool program from the various other price support programs, and some of the reasons are not too convincing. But I think this is important.

We support fiber, cotton, and there are areas of disagreement among cottongrowers, for example, as to what is a proper cotton program. There is no disagreement, as I understand it, among woolgrowers as to what is a proper wool program.

Now here we have a situation where wool as a fiber was as entitled as cotton to some kind of a price support program.

However, using conventional support methods the Government was in the position of losing a great deal of money because wool had this difference, wool did not have the protective tariff laws that cotton and meat and corn and some of these other commodities had.

In other words, the door was open to foreign competition, to undercut the support program and exaggerate Government losses and it was for this reason that this program was so appealing, because it got the Government out of a difficult situation, and it did so without inducing the effect on demand that an unreasonable price structure would have.

And I think that is the main distinction between the wool program and some of these other price support programs, to wit, the necessity for a different program when tariff barriers were lacking.

Mr. GARLAND. Your observation does not call for a comment on my part?

Mr. HAGEN. No.

Mr. SIMPSON. Mr. Chairman, I would like to ask Mr. Garland how many acres of land there are in the Salyer Land Co.?

Mr. GARLAND. How many what?

Mr. SIMPSON. How many acres of land in the Salyer Land Co.?

Mr. GARLAND. Through their sheep ranges, cattle ranges, and lands they farm to various crops, my guess is it would range up to 60,000 or 75,000 acres.

Do not let that dissuade you unfavorably, however. The Salyer Land Co., particularly Mr. Salyer, Sr., is very much disturbed over the present trend of elimination of small farms.

And since you have mentioned that facet of the problem, it is our studied opinion that in the West, one of the reasons there has not been a more rapid increase in the number of sheep is because it has been the small farmer who is going out of business, the little fellow with 50 or 75 ewes.

And when he goes out of business, the most convenient way to dispose of his flock quickly, which he usually has to do when he goes out under economic stress and strain, is to take them down to the sales yard and sell them for slaughter.

Now there is another disturbing factor involved, and that is that these things are all relative.

I happen to be a farmer myself, and I have a few thousand acres on my farm. I am well diversified, also, but I am not as large a farmer as Mr. Salyer. But unless something is done to check this very dangerous trend that has been in operation for some time now—I consider it dangerous—the time is not far distant when I will be in the category of small farmers that will be eliminated, and a few steps after I am eliminated, the next echelon up is likely to include Mr. Salyer.

Mr. SIMPSON. The fact there is 60,000 acres in the Salyer Land Co. does not disturb me a bit. I have one farmer in my county who has 110,000 acres. That does not bother me at all. I just wanted to know how many acres were in it.

Mr. GARLAND. Yes.

Mr. SIMPSON. Now you say you raise feed grains?

Mr. GARLAND. Yes, sir.

Mr. SIMPSON. And grain sorghums?

Does the Salyer Land Co. go into the acreage conservation reserve program—this year or last year?

Mr. GARLAND. I do not believe they have any land in the soil bank.

Mr. SALYER. No, we haven't any.

Mr. SIMPSON. None in the acreage reserve or conservation reserve?

Mr. GARLAND. I do not believe you have participated in that at all. He does participate, of course, in any crops that are supported by price-support programs, such as cotton.

Mr. SIMPSON. I notice you raise hogs?

Mr. GARLAND. Yes.

Mr. SIMPSON. There is nothing much wrong with the price of hogs right now, is there?

Mr. GARLAND. What?

Mr. SIMPSON. There is not much wrong with the price of hogs right now, is there?

Mr. GARLAND. No, I would not say there is. And likewise, you can apply that to cattle. In the cattle business I find the price structure very satisfactory.

Mr. SIMPSON. What are hogs bringing in California? I am asking for my own information.

Mr. GARLAND. Pardon me?

Mr. SIMPSON. What is the top price on hogs in California?

Mr. SALYER. About 24 cents for fat hogs.

Mr. SIMPSON. Then they are higher than they are in Chicago?

Mr. SALYER. That is correct, they are higher on the west coast than they are at Chicago at the present time.

Mr. SIMPSON. What about Minneapolis? They are higher than any terminal market. Hogs are higher in California than they are in any terminal market, according to that.

Mr. GARLAND. That is not uncommon, sir.

We have a deficiency of pork in California, we are an importing State.

Mr. SIMPSON. I have just one more question, Mr. Chairman.

Here is a confusing figure to me. Some gentleman gave \$57 million expenditure the first year, \$52 million in the second, and \$20 million for the third for a total of \$129 million. And in 1957 you received 52 cents a pound for wool, and in 1958, you received 37.7, and yet there is only \$20 million expended that year. In other words, the lower the price of producers, the less money spent by the Government.

Mr. GARLAND. I am fearful that I have confused you by my statement.

Mr. SIMPSON. It was not your statement. You gave the figure 52.3, 80 percent of parity in 1957; 32.7 for 1958 and 52 percent of parity.

We asked someone here about the expenditure and he gave \$57 million the first year \$52 million the second, and \$20 million the third, and after the third would be 58 for the wool.

STATEMENT OF FRANK W. IMMASCHE, DEPARTMENT OF AGRICULTURE

Mr. IMMASCHE. I think I can clear the Congressman's question on that.

Mr. POAGE. Identify yourself for the record, please.

Mr. IMMASCHE. Frank ImMasche, Department of Agriculture.

The third year has just been completed. That is the 1957 marketing year. The price of wool rose to about 56 cents in May, a year ago, but we do not know yet what the national average will be for the full marketing year. That will be figured by late June.

However the amount of payments for the third year is likely to be less than half of the amount in either the first or second years.

Mr. SIMPSON. Is it true then the price of wool is less to the producer, and yet the Government—

Mr. POAGE. May I interrupt again?

I think where you are getting confused is that the payments made in 1958 are not made on the 1958 clip, but are made on the 1957 clip. And the gentleman just pointed out the 1957 clip got to pretty high

levels, at least in the early part of the marketing season, and consequently the payments that will be made in 1958 will be low because of the high level back a year ago. The payments are made a year behind in this program.

Mr. SIMPSON. That explains it. My question certainly was not out of order.

Mr. POAGE. No.

Mr. SIMPSON. When you say you have 37.7 cents a pound in 1958, and they said they only spent \$20 million—I could not reconcile the figures.

Mr. IMMASCHE. That 37.7 is the average for the first month of the current marketing year. Now we do not know what the average for the full year will finally be. We will not know that until June a year from now.

Mr. SIMPSON. I will ask you one more question. Has the Government surplus of wool been cut since this program has been in effect?

Mr. IMMASCHE. From the old loan program we accumulated about 185 million pounds. We had that much when this program started. That was in the spring of 1955. All of that was disposed of by last December or January.

Mr. SIMPSON. Do you have any surplus wool now?

Mr. IMMASCHE. No, sir.

Mr. SIMPSON. Then as far as this program is concerned on getting rid of surpluses, it has worked?

Mr. IMMASCHE. Well, that was a peculiar surplus. That was a surplus because we were supporting the price of wool at higher than the market.

Mr. SIMPSON. It wiped out the surplus, and that is the end.

Mr. IMMASCHE. Wool accumulated in our warehouses while foreign wool was being imported to supply our mills. So it was not a true surplus. Our domestic production of wool is less than our total consumption of wool.

Mr. SIMPSON. If this same program would wipe out the other surpluses, I would be glad to be for it.

Mr. DIXON. Will the gentleman yield to a question?

Mr. SIMPSON. Surely.

Mr. DIXON. May I ask this gentleman, how much does it save the Government for every cent the price of wool goes up?

Mr. IMMASCHE. We figure for each 1 cent the price received in the free market increases saves about \$3 million of payments. In other words if the average turns out to be 55 cents for the marketing year we have just finished and with the incentive level at 62 cents there will be 7 cents to make up by payments. We figure that would cost about \$21 million or \$22 million.

Mr. DIXON. Three million for every cent it goes up?

Mr. IMMASCHE. That is a rough rule of thumb figure or ratio.

Mr. DIXON. Thank you.

Mr. McINTIRE. For the record, Mr. Garland, what is the present duty on wool tops as they are imported into this country?

Mr. GARLAND. I have that information in my briefcase. May I suggest, Mr. Congressman, so there will be no question about it, about the correctness of the answer, that you direct that question to a member of the Department?

Mr. McINTIRE. It may be put into the record, and whether or not it is on an ad valorem basis, or just what the basis is on which the tariff is assessed.

Mr. IMMASCHE. There are two kinds of tariff. Raw wool carries a specific duty, and that is 25½ cents a pound clean on most wools. Manufactured articles coming in carry both a specific and ad valorem rates of duty. I do not have those rates, but we would be glad to get them for you.

(The data referred to above are as follows:)

The rates of duty which apply to imports of wool and wool manufactures are set forth in Schedule 11 of the Tariff Act of 1930, as amended. Following is a copy of that schedule taken from United States Import Duties (1952) as published by the U. S. Tariff Commission, Miscellaneous Series TC 1.10: Im7/4/952, with changes as indicated by Supplements I, II, III, and IV through May 25, 1957.

"Full rate" column.—Except in a very few specially identified instances, the rates shown in this column are those specified in the Tariff Act of 1930 or the Internal Revenue Code, as amended, unless identified by an asterisk (*), in which case the rate is one established pursuant to section 336 of the Tariff Act of 1930. The full rates apply to products of the following countries or areas, whether imported directly or indirectly therefrom, as a result of actions taken by the President under section 5 of the Trade Agreements Extension Act of 1951, notifications of which were published in the Treasury Decisions respectively indicated.

<i>Country or area</i>	<i>Treasury Decision</i>
Albania.....	52788
Bulgaria.....	52828
China (any part of which may be under Communist domination or control).....	52788
Czechoslovakia.....	52837
Estonia.....	52788
Germany:	
The Soviet zone and the Soviet sector of Berlin.....	52788
Areas under Polish domination or control.....	52877
Hungary.....	53012
Indochina (any part of Cambodia, Laos, or Vietnam which may be under Communist domination or control).....	52788
Korea (any part which may be under Communist domination or control)...	52788
Kurile Islands.....	52788
Latvia.....	52788
Lithuania.....	52788
Outer Mongolia.....	52788
Poland.....	52877
Rumania.....	52788
Southern Sakhalin.....	52788
Tanna Tuva.....	52788
Tibet.....	53024
Union of Soviet Socialist Republics.....	52877

If a product of any foreign country or area not named or described in the preceding paragraph, except the Philippine Republic, is classifiable under a description for which no rate is specified in the "Reduced rate" column, such product also is subject to the rate of duty specified for its description in the "Full rate" column.

"Reduced rate" column.—The rates in this column are the reduced rates established pursuant to trade agreements entered into under section 350 of the Tariff Act of 1930, as amended. They apply to products of any foreign country or area, except the Philippine Republic, which is not named or described in the above list.

SCHEDULE 11.—*Wool and manufactures of*

Par. No.	Description	Full rate	Reduced rate
1101 (a)	<p>Aleppo, Arabian, Bagdad, Black Spanish, Chinese, Cordova, Cyprus, Donskol, East Indian, Ecuadorean, Egyptian, Georgian, Haslock, Iceland, Kerry, Manchurian, Mongolian, Oporto, Persian, Pyrenean, Sardinian, Scotch Blackface, Sistan, Smyrna, Sudan, Syrian, Tibetan, Turkestan, Valparaiso, and Welsh Mountain wools; similar wools without merino or English blood; and other wools of whatever blood or origin not finer than 40s; all the foregoing:</p> <p>In the grease or washed.....</p> <p>On the skin.....</p> <p>Scoured.....</p> <p>Sorted, or matchings, not scoured.....</p> <p>Hair of the camel:</p> <p>In the grease or washed.....</p> <p>On the skin.....</p> <p>Scoured.....</p> <p>Sorted, or matchings, not scoured.....</p> <p><i>Provided</i>, That a tolerance of not over 10% of wools not finer than 44s may be allowed in each bale or package of wools imported as not finer than 40s.</p>	<p>24¢ per lb. of clean content.</p> <p>22¢ per lb. of clean content.</p> <p>27¢ per lb. of clean content.</p> <p>25¢ per lb. of clean content.</p> <p>24¢ per lb. of clean content.</p> <p>22¢ per lb. of clean content.</p> <p>27¢ per lb. of clean content.</p> <p>25¢ per lb. of clean content.</p>	<p>13¢ per lb. of clean content.</p> <p>11¢ per lb. of clean content.</p> <p>18¢ per lb. of clean content.</p> <p>14¢ per lb. of clean content.</p>
(b)	<p>Any of the foregoing may be entered or withdrawn from warehouse without the payment of duty by a dealer, manufacturer, or processor upon the filing of a bond to insure that any hair or wool entered or withdrawn thereunder shall be used only in the manufacture of camel's hair belting, felt or knit boots, floor coverings, heavy filled lumbermen's socks, or press cloth. A dealer, manufacturer, or processor may be relieved of liability under his bond with respect to any hair or wool so entered or withdrawn which is transferred in its imported or any other form to another dealer, manufacturer, or processor who has filed a bond to insure that the merchandise so transferred shall be used only in the manufacture of the above-enumerated articles. If any hair or wool so entered, withdrawn, or transferred under bond is used or transferred for use in its imported or any other form in any manner otherwise than in the manufacture of the articles enumerated above, duty shall be levied, collected, and paid on the merchandise so used or transferred in violation of the bond as follows:</p> <p>White soft wastes and white threads resulting in the usual course of manufacture of such enumerated articles.</p> <p>Noils resulting in the usual course of manufacture of such enumerated articles.</p> <p>Other merchandise resulting in the usual course of manufacture of such enumerated articles which cannot be used (with or without further preparation) in the usual course of manufacture of such enumerated articles, or which is destroyed or exported.</p> <p>Hair or wool other than a waste or by-product described in any of the three foregoing subdivisions.</p>	<p>$\frac{3}{8}$ of the regular duties applicable to hair or wool in like condition.</p> <p>$\frac{3}{8}$ of the regular duties applicable to noils.</p> <p>Free.....</p> <p>The regular duties applicable to hair or wool in the condition in which so used or transferred.</p>	<p>$\frac{3}{8}$ of the current duties applicable to hair or wool in like condition.</p> <p>$\frac{3}{8}$ of the current duties applicable to noils.</p> <p>The current duties applicable to hair or wool in the condition in which so used or transferred.</p>

SCHEDULE 11.—*Wool and manufactures of*—Continued

Par. No.	Description
1101(b)	Such duties shall be paid by the dealer, manufacturer, or processor whose bond is charged with the hair or wool at the time of such use or transfer; but such duties shall not be levied or collected on any merchandise which is destroyed or exported. When any hair or wool which has been entered or withdrawn under bond as provided for in this subparagraph is used or transferred for use, in its imported or any other form, otherwise than in the manufacture of the above-enumerated articles and prior to such use or transfer there shall have been combined or mixed with such hair or wool any other merchandise, the whole of the combination or mixture shall be presumed to be composed of hair or wool entered or withdrawn under bond, as provided for in this subparagraph, unless the dealer, manufacturer, or processor liable for the payment of the duties shall establish the quantity of bonded hair or wool in such combination or mixture. Every dealer, manufacturer, or processor who has given a bond pursuant to the provisions of this subparagraph shall report any transfer or use of merchandise in violation of the terms of his bond, within 30 days after such transfer or use, to the collector of customs in whose district the bond is filed; and for failure to so report such dealer, manufacturer, or processor shall be liable to a penalty equal to the value of the merchandise so transferred or used at the time and place of such transfer or use. Such penalty shall be in addition to the duties above provided for. The Secretary of the Treasury is authorized to prescribe such regulations and the amounts, conditions, and forms of such bonds as may be necessary to carry into effect the provisions of this subparagraph.
(c)	For the purposes of this schedule:
(1)	Hair and wools in the grease shall be considered such as are in their natural condition as shorn from the animal, and not cleaned otherwise than by burr-picking, shaking, or willowing;
(2)	washed hair and wools shall be considered such as have been washed, with water only, on the animal's back or on the skin, and all hair and wool, not scoured, with a higher clean yield than 77% shall be considered as washed;
(3)	scoured hair and wools shall be considered such as have been otherwise cleaned (not including burr-picking, carbonizing, shaking, or willowing);
(4)	sorted hair or wools, or matchings, shall be hair and wools (other than skirtings) wherein the identification of individual fleeces has been destroyed, except that skirted fleeces shall not be considered sorted hair or wools, or matchings, unless the backs have been removed; and
(5)	the Official Standards of the United States for grades of wool as established by the Secretary of Agriculture on June 18, 1926, pursuant to law, shall be the standards for determining the grade of wools.

Par. No.	Description	Full rate	Reduced rate
1102 (a)	Wools n. s. p. f., not finer than 44s: In the grease or washed..... On the skin..... Scoured..... Sorted, or matchings, not scoured..... <i>Provided</i> , That a tolerance of not over 10% of wools not finer than 46s may be allowed in each bale or package of wools imported as not finer than 44s.	29¢ per lb. ¹ 27¢ per lb. 32¢ per lb. 30¢ per lb.	17¢ per lb. ¹ 15¢ per lb. 20¢ per lb. 18¢ per lb.
(b)	Wools n. s. p. f.: In the grease or washed..... On the skin..... Scoured..... Sorted, or matchings, not scoured..... Hair of the alpaca, llama, and vicuna: In the grease or washed..... On the skin..... Scoured..... Sorted, or matchings, not scoured..... Hair of the Angora goat: In the grease or washed..... On the skin..... Scoured..... Sorted, or matchings, not scoured..... Hair of the Cashmere goat: In the grease or washed..... On the skin..... Scoured..... Sorted, or matchings, not scoured.....	34¢ per lb. 32¢ per lb. 37¢ per lb. 35¢ per lb. 34¢ per lb. 32¢ per lb. 37¢ per lb. 35¢ per lb. 34¢ per lb. 32¢ per lb. 37¢ per lb. 35¢ per lb. 34¢ per lb. ¹ 32¢ per lb. 37¢ per lb. 35¢ per lb.	25½¢ per lb. 24¢ per lb. 27¾¢ per lb. 26¼¢ per lb. 9¢ per lb. 8¢ per lb. 10½¢ per lb. 9¼¢ per lb. 22¢ per lb. 20¢ per lb. 25¢ per lb. 23¢ per lb. 18¢ per lb. ¹ 16¢ per lb. 21¢ per lb. 19¢ per lb.

¹ As used throughout paragraph 1102, the term "lb." means pound of clean content.

NOTE.—By a proclamation of the President (TD 54212) the ad valorem part of the rate shown in the "Reduced rate" column of paragraph 1108 and paragraph 1109 (a) is applicable during each calendar year beginning January 1 in 1957 and in subsequent years, only to a quantity by weight of fabrics described in these paragraphs which the President shall have found to be not less than 5 percent of the average annual production in the United States during the three immediately preceding calendar years of fabrics similar to such fabrics. This "tariff rate" quota will be published in the Federal Register. The ad valorem part of the duty applicable to overquota fabrics entered, or withdrawn from warehouse, for consumption is 45 percent.

Articles provided for in the proviso to paragraph 1111, and articles provided for in paragraph 1122, of the Tariff Act of 1930, are not counted in the quota above, but are subject to the increased ad valorem duty when entered, or withdrawn from warehouse, for consumption after the quota for the period is filled.

SCHEDULE 11.—Wool and manufactures of—Continued

Par. No.	Description	Full rate	Reduced rate
1102 (b)	Hair n. s. p. f. of animals like the alpaca, Angora goat, or Cashmere goat (including hair of the Angora rabbit): In the grease or washed..... On the skin..... Scoured..... Sorted, or matchings, not scoured.....	34¢ per lb..... 32¢ per lb..... 37¢ per lb..... 35¢ per lb.....	
1103	If any bale or package contains hairs, wools, wool wastes, or wool waste material subject to different rates of duty, the entire contents of such bale or package, except as specified in the provisos to paragraphs 1101 (a) and 1102 (a), shall be subject to.	The highest rate applicable to any part.	Same rule applied to current rates.
1104	The Secretary of the Treasury is hereby authorized and directed to prescribe methods and regulations for carrying out the provisions of this schedule 11 relating to the duties on hair and wool. He is further authorized and directed to procure from the Secretary of Agriculture and deposit in such customhouses and other places, in the United States or elsewhere, sets of the Official Standards of the United States for grades of wool. He is further authorized to display, in the customhouses of the United States or elsewhere, numbered, but not otherwise identifiable, samples of imported hair and wool to which are attached data as to clean content and other pertinent facts, for the information of the trade and of customs officers.		
1105 (a) (b)	Hair and wool wastes: Burr or card waste: Carbonized..... Not carbonized..... Flocks..... Garmented waste..... Mungo..... Nolls: Carbonized..... Not carbonized..... Ring waste, roving waste, slubbing waste, and top waste..... Shoddy, and wool extract..... Thread or yarn waste..... Wool rags..... Wool wastes nspf.....	23¢ per lb..... 16¢ per lb..... 8¢ per lb..... 26¢ per lb..... 10¢ per lb..... 30¢ per lb..... 23¢ per lb..... 37¢ per lb..... 24¢ per lb..... 25¢ per lb..... 18¢ per lb..... 24¢ per lb.....	14½¢ per lb. 9¢ per lb. 3½¢ per lb. 12½¢ per lb. 9¢ per lb. 16¢ per lb. 12¢ per lb. 28¢ per lb. 14¢ per lb. 10¢ per lb. 9¢ per lb. 9¢ per lb.
1106	Hair and wool of the kinds provided for in this schedule 11, if carbonized or advanced in any manner beyond the scoured or washed condition, including tops, but not further advanced than roving.	37¢ per lb. and 20% ad val.	27½¢ per lb. and 6¼% ad val.
1107	Yarn wholly or in chief value of wool: Wholly or in chief value of Angora rabbit hair, valued per pound— Not over \$1..... Over \$1 but not over \$1.50..... Over \$1.50..... Other, valued per pound— Not over \$1..... Over \$1 but not over \$1.50..... Over \$1.50.....	40¢ per lb. and 35% ad val. 40¢ per lb. and 45% ad val. 40¢ per lb. and 50% ad val. 40¢ per lb. and 35% ad val. 40¢ per lb. and 45% ad val. 40¢ per lb. and 50% ad val.	40¢ per lb. and 13¼% ad val. Same as above. Same as above. 30¢ per lb. and 15% ad val. Same as above. Same as above.

SCHEDULE 11.—*Wool and manufactures of*—Continued

Par. No.	Description	Full rate	Reduced rate
1108	Woven fabrics weighing not over 4 ounces per square yard, wholly or in chief value of wool: With warp wholly of cotton or other vegetable fiber, valued per pound— Not over \$1..... Over \$1 but not over \$1.50..... Over \$1.50..... Other, valued per pound— Not over \$1.25..... Over \$1.25 but not over \$2..... Over \$2.....	40¢ per lb. and 50% ad val. 40¢ per lb. and 55% ad val. 40¢ per lb. and 60% ad val. 50¢ per lb. and 50% ad val. 50¢ per lb. and 55% ad val. 50¢ per lb. and 60% ad val.	30¢ per lb. and 25% ad val. Same as above. Same as above. 37½¢ per lb. and 25% ad val. Same as above. Same as above.
1109 (a)	Woven fabrics weighing over 4 ounces per square yard, wholly or in chief value of wool: Green billiard cloths in the piece, weighing over 11 but not over 15 ounces per square yard, wholly of wool. Other, valued per pound— Not over \$1.25..... Over \$1.25 but not over \$2..... Over \$2.....	Same as for "Other," according to value. 50¢ per lb. and 50% ad val. 50¢ per lb. and 55% ad val. 50¢ per lb. and 60% ad val.	37½¢ per lb. and 20% ad val. 37½¢ per lb. and 25% ad val. Same as above. Same as above.
(b)	Belts, blankets, felts, jackets, or other articles of machine clothing, for paper-making, printing, or other machines, wholly or in chief value of wool, woven as units or in the piece, finished or unfinished.	Same as for "Other," in subparagraph (a), according to value.	37½¢ per lb. and 15% ad val.
1110	Pile fabrics wholly or in chief value of wool, whether or not the pile covers the entire surface, and all finished or unfinished articles made or cut from such fabrics; all the foregoing: If the pile is partly cut..... If the pile is wholly cut or wholly uncut.	44¢ per lb. and 55% ad val. 44¢ per lb. and 55% ad val. 44¢ per lb. and 50% ad val.	33¢ per lb. and 25% ad val. 33¢ per lb. and 25% ad val. Same as above.
1111	Blankets and similar articles (including automobile and carriage robes and steamer rugs), made as units or in the piece, finished or unfinished, wholly or in chief value of wool, not over 3 yards long, and valued per pound— Not over \$1..... Over \$1 but not over \$1.50..... Over \$1.50 per pound..... All the foregoing, if over 3 yards long, shall be subject to the duties applicable to woven fabrics of wool weighing over 4 ounces per square yard.	30¢ per lb. and 30% ad val. 33¢ per lb. and 37½% ad val. 40¢ per lb. and 40% ad val.	30¢ per lb. and 30% ad val. Same as above. Same as above.
1112	Felts, not woven, wholly or in chief value of wool, valued per pound— Not over \$1.50..... Over \$1.50.....	30¢ per lb. and 35% ad val. 40¢ per lb. and 40% ad val.	23½¢ per lb. and 20% ad val. 30¢ per lb. and 20% ad val.
1113	Fabrics with fast edges, not over 12 inches wide, and articles made therefrom; braces, cords, tassels, garters, suspenders, and tubings; all the foregoing, wholly or in chief value of wool.	50¢ per lb. and 50% ad val.	37½¢ per lb. and 20% ad val.
1114 (a)	Knit fabric in the piece, wholly or in chief value of wool, valued per pound— Not over \$1..... Over \$1.....	33¢ per lb. and 40% ad val. 50¢ per lb. and 50% ad val.	25¢ per lb. and 20% ad val. 37½¢ per lb. and 20% ad val.

SCHEDULE 11.—Wool and manufactures of—Continued

Par. No.	Description	Full rate	Reduced rate
1114 (b)	Gloves and mittens, finished or unfinished, wholly or in chief value of wool, valued per dozen pairs— Not over \$1.75: Knit.....	40¢ per lb. and 35% ad val. on American selling prices.*	
	Other.....	40¢ per lb. and 35% ad val.	
	Over \$1.75 but not over \$4.....	50¢ per lb. and 50% ad val.	37½¢ per lb. and 50% ad val.
	Over \$4.....	50¢ per lb. and 50% ad val.	37½¢ per lb. and 25% ad val.
	Hose and half-hose, finished or unfinished, wholly or in chief value of wool, valued per dozen pairs— Not over \$1.75.....	40¢ per lb. and 35% ad val.	30¢ per lb. and 20% ad val.
	Over \$1.75.....	50¢ per lb. and 50% ad val.	37½¢ per lb. and 20% ad val.
(c)	Knit underwear, finished, or unfinished, wholly or in chief value of wool, valued per pound— Not over \$1.75.....	40¢ per lb. and 30% ad val.	30¢ per lb. and 18% ad val.
	Over \$1.75.....	50¢ per lb. and 50% ad val.	37½¢ per lb. and 18% ad val.
(d)	Articles knit or crocheted, finished or unfinished, wholly or in chief value of wool, and nspl, valued per pound— Not over \$2: Berets, bonnets, caps, hats, and similar articles. Other.....	44¢ per lb. and 45% ad val. 44¢ per lb. and 45% ad val.	33¢ per lb. and 22½% ad val. 33¢ per lb. and 45% ad val.
	Over \$2: Infants' outerwear: Made or cut from Jersey fabric knit in plain stitch on a circular machine. Other.....	50¢ per lb. and 25% ad val.* 50¢ per lb. and 75% ad val.*	37½¢ per lb. and 25% ad val. 37½¢ per lb. and 33½% ad val.
	Berets, bonnets, caps, hats, and similar articles (not including any of the foregoing for infants). Other, value per pound— Over \$2 but not over \$5.....	50¢ per lb. and 50% ad val. 50¢ per lb. and 50% ad val.	37½¢ per lb. and 25% ad val. 37½¢ per lb. and 30% ad val.
	Over \$5.....	50¢ per lb. and 50% ad val.	37½¢ per lb. and 20% ad val.
1115 (a)	Articles of wearing apparel of every description, not knit or crocheted, manufactured wholly or in part, wholly or in chief value of wool, valued per pound— Not over \$4.....	33¢ per lb. and 45% ad val. 50¢ per lb. and 50% ad val.	25¢ per lb. and 22½% ad val. 37½¢ per lb. and 22½% ad val.
	Over \$4.....		
(b)	Bodies, forms, hoods, and shapes, for berets, bonnets, caps, hats, and similar articles, wholly or in chief value of wool but not crocheted or knit nor made in chief value of crocheted, knit, or woven material: Blocked or trimmed (including finished articles), valued per dozen— Not over \$12.....	40¢ per lb., 55% ad val., and 12½¢ per article.* Same as above*.....	30¢ per lb., 40% ad val., and 8¢ per article. 30¢ per lb., 30% ad val., and 8¢ per article.
	Over \$12.....		
	Pulled or stamped.....	40¢ per lb., 55% ad val., and 12½¢ per article.*	
	Other, valued per pound— Not over 50 cents.....	40¢ per lb. and 55% ad val.*	
	Over 50 cents.....	40¢ per lb. and 55% ad val.*	25¢ per lb. and 55% ad val.

SCHEDULE 11.—*Wool and manufactures of*—Continued

Par. No.	Description	Full rate	Reduced rate
1116 (a)	Aubusson, Axminster, oriental, Savonnerie, and other carpets, mats, and rugs, not made on a power-driven loom, figured or plain, whether woven as separate carpets, mats, or rugs, or in rolls of any width: Wholly or in chief value of hair of the alpaca, guanaco, huarizo, llama, misti, suri, or a combination of the hair of two or more of these species, valued per square foot— Not over \$1.11 $\frac{1}{4}$ Over \$1.11 $\frac{1}{4}$ Other, valued per square foot— Not over 66 $\frac{2}{3}$ cents..... Over 66 $\frac{2}{3}$ cents but not over \$1.11 $\frac{1}{4}$ Over \$1.11 $\frac{1}{4}$	50¢ per sq. ft..... 45% ad val..... 50¢ per sq. ft..... 50¢ per sq. ft..... 45% ad val.....	12 $\frac{1}{4}$ % per sq. ft..... 11 $\frac{1}{4}$ % ad val..... 15¢ per sq. ft..... 22 $\frac{1}{4}$ % ad val..... 22 $\frac{1}{4}$ % ad val.....
(b)	Carpets, mats, and rugs, figured or plain, whether woven as separate carpets, mats, or rugs, or in rolls of any width: Chenille Axminster..... Of oriental weave or weaves, made on a power-driven loom.....	60% ad val..... 60% ad val.....	27% ad val..... 22 $\frac{1}{4}$ % ad val.....
1117 (a) (d)	Axminster carpets, rugs, and mats, n. s. p. f.; Brussels, velvet or tapestry, and Wilton carpets, mats, and rugs; and carpets, mats, and rugs of like character or description; all the foregoing and parts thereof, valued per square foot— Not over 40 cents..... Over 40 cents.....	40% ad val..... 60% ad val..... 25% ad val.....	22 $\frac{1}{4}$ % ad val..... 22 $\frac{1}{4}$ % ad val.....
(b) (d)	Ingrain art squares, carpets, mats and rugs, of whatever material composed, and carpets, mats, and rugs, of like character or description, n. s. p. f.; all the foregoing and parts thereof.		
(c) (d)	Floor coverings (including druggists and mats) wholly or in chief value of wool, n. s. p. f., and parts thereof: Wholly or in chief value of hair of the Angora goat, valued per square foot: Not over 40 cents..... Over 40 cents..... Wholly or in chief value of hair of the alpaca, guanaco, huarizo, llama, misti, suri, or a combination of the hair of two or more of these species, valued per square foot— Not over 40 cents..... Over 40 cents..... Other, valued per square foot— Not over 40 cents..... Over 40 cents.....	30% ad val..... 60% ad val..... 30% ad val..... 60% ad val..... 30% ad val..... 60% ad val.....	22 $\frac{1}{4}$ % ad val..... 22 $\frac{1}{4}$ % ad val..... 15% ad val..... 27% ad val..... 15% ad val..... 30% ad val.....
1118	Hassocks, screens, and other articles, wholly or in part of carpets, mats, or rugs, and nspt.	30% ad val.....	13 $\frac{1}{4}$ % ad val.
1119	Tapestries and upholstery goods (not including pile fabrics) in the piece or otherwise, wholly or in chief value of wool, and weighing per square yard— Not over 4 ounces..... Over 4 ounces, valued per pound— No over \$1.25..... Over \$1.25 but not over \$2..... Over \$2.....	According to values at the rates prescribed in paragraph 1108. 50¢ per lb. and 50% ad val..... 50¢ per lb. and 55% ad val..... 50¢ per lb. and 60% ad val.....	37 $\frac{1}{4}$ % per lb. and 25% ad val. 37 $\frac{1}{4}$ % per lb. and 22 $\frac{1}{4}$ % ad val. Same as above. 37 $\frac{1}{4}$ % per lb. and 17 $\frac{1}{4}$ % ad val.
1120	Manufactures wholly or in chief value of wool, n. s. p. f.: Cloth samples not over 104 square inches in area..... Yarn, dyed and cut into uniform lengths not exceeding 3 inches..... Other.....	50% ad val..... 50% ad val..... 50% ad val.....	12 $\frac{1}{4}$ % ad val..... 36% ad val..... 40% ad val.

SCHEDULE 11.—*Wool and manufactures of*—Continued

Par. No.	Description	Full rate	Reduced rate
1121	Whenever in this title the word "wool" is used in connection with a manufactured article of which it is a component material, it shall be held to include hair or wool of the alpaca, Angora goat, camel, Cashmere goat, sheep, or other like animals, whether manufactured by the felt, woolen, worsted, or any other process.		
1122	Fabrics (except printing-machine cylinder lapping in chief value of flax), in the piece or otherwise, containing 17% or more in weight of wool but not in chief value thereof, whether or not more specifically provided for, shall be dutiable at.	That proportion of the amount of duty on the fabric, computed under this schedule 11, which the amount of wool bears to the entire weight, plus that portion of the amount of the fabric, computed as if this paragraph had not been enacted, which the weight of the component materials other than wool bears to the entire weight.	Same rule applied to current rates.

Mr. McINTIRE. Thank you very much.

Mr. POAGE. Mr. Quie.

Mr. QUIE. Does anyone have an answer yet to the previous question I asked, what the price of wool is to the producer in Australia, and what it is after the tariff has been placed on it in this country, or what the mills pay for Australian wool?

Mr. IMMASCHE. If you have a copy of the previous hearings, Mr. McLain's statement included a chart comparing prices of wool in Sydney, Australia, and prices in Boston. It is difficult to compare them exactly because there is some difference in the quality of the wool. The wool that is imported is skirted, it does not have all of the leg and belly parts of the fleece. So it is not exactly comparable. The relationship of prices is a very difficult thing to measure. However, the changes in prices for domestic wools can be compared in the changes in prices for foreign wools.

Foreign prices started dropping in June a year ago and when the Australian auctions opened in September, the prices were 15 to 20 percent below the May highs. They continued going down the rest of the year. Prices for domestic wools followed the earlier declines in the world market and in recent months have gone down even further. As a result our wool prices are low in relation to foreign prices.

As I mentioned, there is a relationship over a period but it is not a specific thing that can be measured at any one time.

Mr. POAGE. Are there any further questions?

Mr. QUIE. Would it be fair to say then that the price of foreign wool is usually higher than the price of domestic wool? That the mills are willing to pay a higher price for foreign wool than they are for domestic wool?

Mr. IMMASCHE. For one reason, yes, and that is this cost of conversion. They do not have to do as much preparation to foreign wool. It has already been skirted. That is one thing.

But quality for quality I would not see any reason for a difference in price. Someone from the wool trade should answer that question. I would not know.

Mr. POAGE. Any further questions?

If not, we are very much obliged to you, Mr. Garland.

Mr. GARLAND. Mr. Chairman, I would like to make two brief observations?

Mr. POAGE. Yes, sir.

Mr. GARLAND. Our problem vitally affects the production of sheep and cattle in the West, and I am sure you are quite cognizant of this in your State of Texas. In recent years the practice of our different branches of our military has been to acquire vast tracts, huge tracts of land, millions of acres in a tract. These tracts are used for target practice, and for various other uses that the military makes of them. But those vast acreages are removed from use.

Mr. POAGE. You are wrong in that. Ford Hood, which is one of the largest military establishments, is in my district.

Mr. GARLAND. It may be wrong for your State, but it is not for California.

Mr. POAGE. The law is the same in California as it is in Texas. We do not pass State laws for the regulation and use of those military tracts.

And they do use those military tracts. If you have some you want to use, you better see the commander and organize a local livestock association, or something of that kind, and use that tract. We are using the Fort Hood reservation; we are running almost as many cattle on it as we were before the Government went in there.

We are doing it on the basis of the proportion to the amount of land that each man owned in the original reservation. If I had 100 acres, I get 100 shares in the association; if I owned a thousand acres, I get a thousand shares. And I can put cattle in there in proportion to the shares I hold in it. And they do use it.

Mr. GARLAND. Your powers of persuasion have been more effective. In California we have one tract, part of it in California and part of it extending over into Nevada, consisting of about 3½ million acres where all use has been excluded. What we are trying to persuade the military to do in California is to make use of the target areas by all the different branches of the service so many——

Mr. POAGE. That is a target range, or something of that kind, where there is danger to livestock?

Mr. GARLAND. That is correct.

Mr. POAGE. I do not think anyone wants to turn their livestock out there, although my people are turning theirs out right along the target range and they say they haven't got hit. I do not know why.

Mr. JENNINGS. I might say in that connection, that sort of thing which you brought up is exactly what many of my farmers are complaining about. They are paying taxes on their land, in competition with Government-owned——

Mr. POAGE. The people who belong to that association are the people who owned land in that reservation.

Mr. JENNINGS. But they were paid for the land by the Government and they are not paying taxes on it?

Mr. POAGE. They were paid an average of \$18 an acre, and it is worth \$50 today.

Mr. JENNINGS. What was it worth then?

Mr. POAGE. I suppose \$18, but most people did not want to sell.

Mr. JENNINGS. I would imagine so.

Mr. GARLAND. Thank you, Mr. Chairman.

Mr. POAGE. Thank you.

We now have Mr. Upsal.

**STATEMENT OF MR. PAUL UPSAL, PRESIDENT OF THE SOUTH
DAKOTA FARMERS UNION**

Mr. UPSAL. Mr. Chairman and members of the House Agriculture Committee, my name is Paul Upsal. I am president of the South Dakota Farmers Union and, also, a farm operator.

I am here to state that the Farmers Union is an organization much in favor of our present world program. And, as a producer of sheep, with a small band on my farm, I know it is a great help and an incentive to the, should I say, family farmers and small operators in having a protective price on wool.

As an organization, Mr. Chairman, I would say that we feel that, as great as this wool program is, and the good that it has done for the wool industry and the sheep producers, it should be a part of an overall, comprehensive farm program.

Mr. POAGE. I am glad to hear you say that.

Mr. UPSAL. We do not believe that any commodity should have a preference and should receive protection which other farm commodities have not the benefit of. I was very happy to hear that the wool program has been an incentive in increasing the number, and, should I say, smaller bands of sheep, particularly in the eastern part of our State. We feel that it is a help in increasing the income for the smaller operators.

The sheep business has two incomes during the year, the wool and then the lambs, which greatly enhance the income of the smaller operators. I know that is my experience on the land which I operate in South Dakota, that my boy at the present time is farming. So, we are strongly for the wool program, gentlemen, but we feel it should be included in the overall comprehensive farm program.

I have no prepared statement; I am here just temporarily, and I was interested in the wool program, and that is why I am here this morning, to give a word of endorsement for the wool program. And we trust that it will be extended, and that, as time goes on, it will be incorporated into a comprehensive farm program as a commodity.

Mr. POAGE. If I understand your views, Mr. Upsal, they are just exactly what mine are; that this program can do good; we should keep it; it is a valuable part of our agricultural program, but it is but a part of our agricultural program, and other producers of other commodities are of equal importance to wool, and that they should receive comparable treatment.

Mr. UPSAL. That is correct, definitely.

Mr. POAGE. Any questions of Mr. Upsal?

Mr. JOHNSON. I would like to agree with the gentleman. If I understood your testimony correctly, you think that some of the same ideas could be applied to other commodities?

Mr. UPSAL. Yes; I do. I do not see why they could not be.

Mr. JOHNSON. You do not think an article has to be in short supply in order to use the compensatory-payment approach.

Mr. UPSAL. It is a little simpler in the wool industry, because we have not a surplus in that.

Mr. JOHNSON. You might have to apply quotas with commodities that were in surplus in order to apply the same principle?

Mr. UPSAL. I believe that other commodities, even those that are, should I say, of a surplus nature, which they are, I believe those things can be worked out. We believe that farmers are willing and anxious to cooperate in every phase to overcome the problems that we are confronted with in surpluses.

We have proven that, particularly, in the wheat-producing areas. We are not concerned with what the cut will be and how much we have to reduce our production if we are guaranteed, to a degree at least, what our income will be so we can stay on the farm. That is what we are concerned about.

We have through referendums several occasions—I think this is about the 5th or 6th we are now confronted with—until the 20th of June to reduce our acreage, if necessary, further, and also our marketing quotas if we can have a price for it.

So I do not believe those things cannot be overcome. If we can find ways and means to dispose of our surpluses, like we did our wool through this kind of a program, that would help simplify it.

Mr. JENNINGS. What is the general feeling among the average farmers as to the operation of this wool program in South Dakota? Are they pretty well satisfied with it?

Mr. UPSAL. Yes; we are. We are very satisfied with it, and particularly since the first year's operation, when the grower did not receive the support price on his wool if his lambs were not in condition to go to the slaughter. If they were bought by feeders, then he would receive the wool payment. Since that was corrected, we have been very happy with it.

Mr. JENNINGS. Do you have any difficulty in that particular program, on shearing wool from the lambs, as to the administration of it, the small farmer feeling that perhaps he is not getting an equal cut, that someone is buying up the lambs, and they are getting the proceeds, rather than the farmer himself?

Mr. UPSAL. Wasn't that corrected through the administrative act?

Mr. JENNINGS. That is what I am asking you. Has it been corrected?

Mr. UPSAL. Yes; I believe it has.

Mr. JENNINGS. What about the feeling, or do you encounter any feeling, that the manufacturers have more or less agreed on a price, in telling the farmer that the difference is going to be made up by the Government, so why worry what price you are going to get for your wool in the pool, or what price you are going to receive, because the Government is going to make up the difference; do you have any of that feeling among the farmers?

Mr. UPSAL. No; I do not believe so.

Mr. JENNINGS. Do you think any of that exists?

Mr. UPSAL. Well, I am not in a position to say. It is possible; it could, but we have not heard of any of that sort of argument in our State. We have a very strong wool pool in South Dakota, known as the South Dakota wool pool.

Mr. JENNINGS. What is the outlook for your wool pool this year. have you received any bids on your wool this year?

Mr. UPSAL. It is very low. They tell me it will be somewhere from around 37 to 40 cents a pound. And then they will advance the payment.

Mr. JENNINGS. How do they account for the fact that it is so much lower this year than it was last year?

Mr. UPSAL. Well, I have not heard any reason why, except that the market is down.

Mr. JENNINGS. Well, I think that is probably true and some of the other companies still have the wool they purchased last year. Is that one of the reasons for the low this year, do you think?

Mr. UPSAL. Well, I would not be in a position to answer that, Congressman, I would not know. I have not heard any arguments in that direction, making those statements that that might be the cause of the low price.

Mr. JENNINGS. Do you think this program is going to continue to receive unanimous approval if it declines year after year? Say it is 37 this year and it goes down to 27 next year? Of course, the farmer is going to get his share from the Government. If it goes down to 17 next year, if perchance some collaboration should enter into the program and it comes down to 17 or 25 cents, do you think that the program is going to continue to be acceptable?

Mr. UPSAL. Well, I know, I am sure, that the farmers, or the producer of wool is not going to complain as long as he is assured of a price up here. Maybe the consumers, the people, the cost of a suit of clothes ought to go down if the market price of wool is down. Shouldn't it? Would not that be helpful to the people as a whole?

Mr. JENNINGS. I should think it would be.

That is all. I just wanted to get some views. Some of the things that I brought up have been discussed in conversations that I have listened to that some of my farmers have been carrying on, and I just wondered if those things existed out in South Dakota.

Mr. UPSAL. Not to my knowledge. I have not heard of any discussions along those lines.

Mr. POAGE. Dr. Dixon.

Mr. DIXON. Mr. Upsal, we are all in pretty much agreement on the wool program, it has been so satisfying and successful. Now we cannot say the same with regard to the program for other crops. Should we hold up this wool program until such time as we can get together on the other crops?

Mr. UPSAL. Well, we certainly do not want to lose the wool program. However, we believe that the sooner we can get an overall comprehensive farm program dealing with all commodities, protecting all producers—I think that is what we are looking forward to.

Mr. DIXON. Well, you have not answered by question. Should we hold it up until we can pass a program for the other crops?

Mr. UPSAL. Let's not let it expire, in other words, let's keep the wool program, even if we just have to extend it from one year to another until the time when it can be incorporated.

Mr. DIXON. Would you treat legislatively a crop that is in short supply just the same as you would a crop that is in great surplus?

Mr. UPSAL. Well, would it be justifiable to say that if we happened to be producers of a crop that is in short, or that we do not have a

surplus of, we should have better treatment than people who are producing crops happen to be in surplus? That is what is in my mind, or in our minds. Shouldn't we all be treated fairly on these commodities?

Because I am a producer of wheat also. That is my biggest income. We have cut down our acreage, I have reduced my acreage 36 or 37 percent, hoping that that will help to reduce. But that is our crop, not wool. That is just a little side item on my place. I have a band of about 150 ewes. But it is a nice income on the side.

Mr. DIXON. Well, you asked me a question. I think that your wheat has been treated unfairly, and to go on with all these Government supports will continue to treat it unfairly. You look upon the fair treatment by the Government in the amount of Government intervention, and I disagree because the crops that are in the worst trouble are those that have had the most help.

Don't you think that wool is a strategic material?

Mr. UPSAL. Yes, I do.

Mr. DIXON. Will you treat it the same as a nonstrategic material, and wait until you could solve the nonstrategic program before giving wool anything?

Mr. UPSAL. Well, I do not feel that wool is more strategic than wheat, as far as our overall needs, for, you know, our everyday walk in life.

Mr. DIXON. Suppose we got into a war today, can we produce wheat to sustain us?

Mr. UPSAL. Yes.

Mr. DIXON. What would happen with wool, where would we get it from? We have no surplus.

Mr. UPSAL. Well we are fortunate. I imagine there is plenty of wool in the world that we can buy.

Mr. DIXON. Yes, but how far would we have to bring it and at what risk?

Mr. UPSAL. Well, we did it before.

Mr. DIXON. Under great hazard and peril.

Mr. UPSAL. Yes, I will agree to that.

But we are hoping that this wool program will increase the production in our sheep industry.

Now I also wanted to say that raising sheep is pretty much of, should I say, more or less a technical operation—much more than any other livestock that I have experience with. And that is why maybe many, many ranchers and farmers are just a little bit careful in not going into it, because there is a chance of great losses there.

Mr. DIXON. Are we going to increase this production if we hold this fine bill, and wait until more of the sheep people go out of business, or are we going to increase the production through giving them some security, this legislation which we are all willing to pass.

Mr. UPSAL. That is what we are seeking to do in this wool program, aren't we? I am asking a question.

Mr. DIXON. Yes, but we would like to get it passed and not subject it to the hazards of legislation for other crops, hazards of delay in getting the bill approved and having it vetoed.

Mr. UPSAL. I agree to that. We certainly want to hang on to this, but we want it included in an all-inclusive farm program. Because, just because I have a few sheep on my place, that does not put me in a

position of preference with the Government to see that my sheep, my wool, is protected and the rest of my crops are——

Mr. POAGE. That is how everyone connected with the other crops feel, each one of them wants to be first, and each one of them would like to be passed ahead of everyone else so they will not have to be bothered with the objections to someone else's program.

Everyone would like to run first, but they cannot all run first.

Mr. UPSAL. That is right.

Mr. POAGE. At least the number of the members of the committee feel they all ought to run together.

Mr. UPSAL. Fine, that is where it belongs.

Mr. DIXON. Mr. Chairman, two wrongs do not make a right.

Mr. POAGE. Two wrongs do not make a right, and 2 and 2 make 4, and what does that have to do with what he said? What wrongs are you talking about?

Mr. DIXON. We would be doing a great injustice to confuse this issue on wool with that of other crops, and maybe subject it to the hazards of legislation for other crops where opinion is divided and successful legislation is doubtful. This only adds one more wrong to the present list.

Mr. POAGE. There are a great many people who feel that you are doing a great wrong in delaying the solution for cotton, delaying the solution for feed grains, delaying the solution for milk, and delaying the solution for wheat, and I think those people are just as entitled to their views——

Mr. DIXON. But opinion is divided there and chances of passage are slim, and is not divided on the Wool Act. It could be passed easily if given a chance to stand on its own merits.

Mr. POAGE. Opinion is divided all the way along. I have not found anything that is unanimous in the way of agriculture.

Are there any further questions?

If not, we thank you very much, Mr. Upsal.

I believe that concludes all those who have asked to be heard. The following statements have been submitted and without objection they are inserted in the record at this point.

(The statements referred to are as follows:)

STATEMENT OF HON. HAMER H. BUDGE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF IDAHO

Mr. Chairman and members of the committee, as a cosponsor of legislation to extend the National Wool Act of 1954, I urge that you favorably report a bill which would accomplish this and provide for the continued production of wool in the United States. I am sure you know that in dealing with wool we are faced with a situation wherein the national production is deficient and that we must take action to prevent the further decline of this vital commodity in our Nation. The present situation in which the woolgrowers find themselves is not one of their own making but rather has developed as a result of war and postwar measures which have affected adversely the production of wool. As pertains to the entire problem, I of course would much prefer the raising of tariffs which would curtail imports and eliminate some of the unfavorable competition in comparison with foreign production. It appears, however, impossible to obtain relief by this means and for that reason I favor the substitute method now being used by the Department of Agriculture to provide incentives for our domestic production. There are problems in this program and I am sure many inequities, but I for one do not believe that the woolgrowers are to blame for the dilemma in which they find themselves today and for that reason I favor the participation in this program by the Federal Government. There is some urgency for the extension of the act before this Congress adjourns since, although it does not expire until

next year, wool production is not a seasonal crop and must be planned long in advance.

STATEMENT OF HON. B. F. SISK, OF THE 12TH DISTRICT OF THE STATE OF CALIFORNIA

Mr. CHAIRMAN: May I add my voice to those urging the committee to approve extension of the National Wool Act of 1954. There is ample evidence this act is greatly assisting in the regeneration and stabilization of our domestic wool industry. It was originally limited to 4 years so that Congress could reappraise its operation. Now we have had a chance to look over the results and they are good—meriting your approval of at least another 4-year extension.

I would like also to point out the Wool Act has set up what might be termed a pilot program in the agricultural field. It is built on the two-price concept and a great many people are keenly interested in the possibility of finding a way out of the difficulties in other agricultural fields through similar plans. I strongly urge your favorable action on a deserving piece of legislation.

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 20, 1958.

Hon. W. R. POAGE,
*Chairman, Livestock and Feed Grains Subcommittee,
Committee on Agriculture, House of Representatives,
Washington, D. C.*

DEAR Mr. CHAIRMAN: I respectfully urge favorable consideration of the wool act extension which your committee is now studying and ask that this statement be made a part of the record of the hearings now underway.

I particularly favor the wool legislation since it contains the compensatory payment feature that I would like to see made a basic part of all farm law. May I refer you to my bill, H. R. 6841 which calls for "parity income-equivalent prices" among other things, as amendment to the Agricultural Adjustment Act of 1938. I feel this feature is essential to sound farm legislation and the permanent solution to current farm problems.

There are two points I urge the committee to include in this wool legislation consideration:

1. The wool legislation should be made a part of the proposed comprehensive farm legislation.
2. The wool legislation should be timed to expire the same date as other farm-commodity legislation.

With these two provisions included, I would very much like to see the present wool legislation reported favorably to our full committee.

Kindest regards,
Sincerely,

Congresswoman COYA KNUTSON.

Mr. POAGE. The committee stands in recess.

(Whereupon, at 11:45 a. m., the subcommittee recessed, to reconvene subject to the call of the Chair.)

EXTEND NATIONAL WOOL ACT OF 1954

WEDNESDAY, MAY 21, 1958

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met pursuant to notice at 9:35 a. m., in room 1310 New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage (presiding), Jennings, Matthews, Hill, Hoeven, Harvey.

Also present: Representatives Abernathy, Jones, Hagen, Johnson, McIntire, Williams, Dixon, Quie, and Fisher.

Mabel C. Downey, clerk.

Mr. POAGE. The committee will please come to order.

The committee is meeting this morning to further consider extension of the Wool Act, and we have with us here this morning Mr. Woolley, representing the Farm Bureau Federation.

Mr. Woolley.

STATEMENT OF FRANK K. WOOLLEY, LEGISLATIVE COUNSEL, AMERICAN FARM BUREAU FEDERATION

Mr. WOOLLEY. Mr. Chairman and members of the committee, my name is Frank K. Woolley, and I am legislative counsel for the American Farm Bureau Federation.

I am sorry that we did not get an opportunity to prepare a statement for this specific hearing, but we did prepare a statement for the Senate committee, and in that statement we addressed ourselves to S. 2861. My understanding is that the bills before this subcommittee, that are being considered, are practically identical bills—as those by Mr. Hagen and other members that have introduced bills. There are a number of them. All of them are for the purpose, as I understand it, of extending the bill for a period of 4 years. Some of them may extend it indefinitely.

Our resolutions on the subject, adopted by the voting delegates at the last annual meeting, read as follows:

“We are opposed to production payments as a substitute for price supports as a matter of bringing income into agriculture.” That is our basic resolution with respect to production payments.

On wool, our resolutions read as follows:

“In 1954 we reluctantly supported production payments for wool to stimulate domestic production in accordance with the determination by Congress that increased domestic production was needed for national security. We had even greater misgivings about a checkoff

from Government payments to finance a promotion program for wool and lamb. We urge the American Farm Bureau Federation Board of Directors to work with other principals in the wool industry in a study of the wool problem from the standpoint of both production and processing, to provide a basis for recommending alternative solutions to this problem.

"In the event such a study does not develop a feasible substitute for the current act we will support a temporary extension of the present legislation with the compulsory checkoff provision deleted."

You will notice, Mr. Chairman and members of the committee, that we are opposed to production payments and to the use of the checkoff from Government payments to finance a promotion program, and that we desire to develop a better program for wool. However, such studies as we have made to date indicate that the question of increasing the tariff, the question of imposing import quotas, the question of instituting a payment program to processors, all of those that we have explored do not appear to us to be as acceptable as the present program.

Now of course, we distinguish very drastically between using production payments on wool and using such payments on commodities of which we produce a surplus here in the United States. We take the position that while we are opposed to production payments in principle, we recognize that there are some important factors in the wool situation which make payments somewhat less objectionable for wool than they would be for most other agricultural commodities. The foremost of these are: (1) that wool is a deficit commodity which historically has been imported in large quantities; (2) that Congress has determined that the production of wool should be increased as a national defense measure; and (3) that sizable payments can be financed out of the 70 percent of tariff receipts on imports of the commodity which are not allocated to section 32 programs.

I will not burden the committee by going clear through our statement, but if it is all right with the committee, I would like to have the rest of the comments put in the record.

Mr. POAGE. Without objection it will be included.

(The statement referred to follows:)

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION BY FRANK K. WOOLLEY,
LEGISLATIVE COUNSEL

We appreciate this opportunity to present the views of the American Farm Bureau Federation on H. R. 9518, a bill to extend the National Wool Act of 1954.

Our basic position on this legislation is set forth in the following resolution adopted by the voting delegates at our last annual meeting:

Production payments

We oppose production payments as a substitute for price supports or as a method of bringing income into agriculture.

Wool program

In 1954 we reluctantly supported production payments for wool to stimulate domestic production in accordance with a determination by Congress that increased domestic production was needed for national security. We had even greater misgivings about a checkoff from Government payments to finance a promotion program for wool and lamb.

We urge the American Farm Bureau Federation board of directors to work with other principals in the wool industry in a study of the wool problem, from the standpoint of both production and processing, to provide a basis for recommending

alternative solutions to this problem. In the event such a study does not develop a feasible substitute for the current act we will support a temporary extension of the present legislation with the compulsory checkoff provision deleted.

You will note that we are opposed to production payments and to the use of a checkoff from Government payments to finance a promotion program and that we desire to develop a better program for wool.

We have repeatedly pointed out the facts, among others, that the payment approach is costly; that the general use of payments for farm commodities would misallocate resources; that it would lead to more, not less, Government regimentation of agriculture through efforts to correct the misallocation of resources, and hold down costs; that it would mean a disguised subsidization of exports which might provoke retaliatory action in other countries; and that it would make farmers dependent on Congress for their net incomes, and possibly for a part of their costs.

While we are opposed to production payments in principle, we recognize that there are some important factors in the wool situation which make payments somewhat less objectionable for wool than they would be for most other agricultural commodities. The foremost of these are (1) that wool is a deficit commodity which historically has been imported in large quantities, (2) that Congress has determined that the production of wool should be increased as a national defense measure, and (3) that sizable payments can be financed out of the 70 percent of tariff receipts on imports of the commodity which are not dedicated to section 32 programs.

MOST WOOL NEEDS IMPORTED

In the 10-year period, 1947-56, wool imports for consumption ranged from 35 to 71.7 percent of domestic mill consumption and averaged 51.5 percent of mill consumption. The implications of making payments on a commodity farmers historically have been unwilling to produce in adequate supply are far different from taking this approach with commodities where production has equaled or exceeded domestic demand. As a matter of fact, if it is to be assumed that production payments are appropriate for a commodity where increased production is desired, it would seem to be clear that payments would be inappropriate for commodities where production already equals or exceeds effective market demand.

Despite the fact that wool differs from most other farm commodities there is, as yet, little basis for considering the present wool program a success.

The production of shorn wool has not increased under the payment program. On the contrary, it has continued to decline. In 1954, the last year before the payment program went into effect, we produced 236 million pounds of shorn wool. In 1957, the third year of the payment program, production was down to 226 million pounds.

COSTS OF PROGRAM

Program costs greatly exceeded expectations during the first 2 years that the wool program was in operation, and annual payments are still running ahead of the funds earmarked from tariff receipts on wool to pay program costs. Under the provisions of the Wool Act, \$68,655,000 from tariff revenues for the period of January 1, 1953, to March 31, 1955, was made available as a reserve when the payment program went into effect. This reserve fund was reduced by \$26,520,000 in the first year and by \$24,943,000 in the second year of the program. Thus, in the first 2 years that the present wool program was in operation the initial reserve was reduced by a total of \$51,463,000. It is estimated that the reserve will have been reduced to about \$9 million by the end of the 1958 marketing year.

The following table indicates the extent to which the cost of the wool payment program has been running ahead of the duty collections available for payments:

Funds available for payments, and payments under the National Wool Act with projections

[In thousands of dollars]

Period	Duty collections available for payments		Total payments		Reduction in reserve fund
	Year	Cumulative	Year	Cumulative	
Jan. 1, 1953, to Mar. 31, 1955 (initial reserve).....		68,655			
Marketing year:					
1955.....	31,480	100,135	58,000	58,000	26,520
1956.....	28,157	128,292	53,100	111,100	24,943
1957, estimated.....	23,390	151,682	28,500	139,600	5,110
1958, projected.....	33,015	184,697	36,000	175,600	2,985
Estimated total reduction in reserve fund.....					59,558

The cost of the payment program has been held down to a degree by holding the incentive price to producers constant in the face of rising costs. The incentive price goal of 62 cents per pound for shorn wool was 106 percent of parity, when it was first announced, but 62 cents is now only 89 percent of parity. With the initial reserve fund almost exhausted, a substantial increase in wool production (toward the 300 million pound goal established by Congress), or an appreciable drop in wool prices, would force a reduction in the present support level—unless the Congress is prepared to supplement the tariff receipts that have been earmarked for the program. In view of the many disadvantages of the payment approach, the authorization of supplemental appropriations for wool would be an undesirable precedent.

In the 1956-57 marketing year producers received \$40 from the Government for every \$100 they received from the sale of shorn wool. On the basis of 1956 cash receipts from farm marketings, a comparable program for all agricultural commodities would cost \$8.8 billion, which happens to be approximately 73 percent of 1956 net farm income. Agriculture would indeed be a political pawn if any such percentage of net farm income were dependent on Government payments.

SECTION 708. CHECKOFF

Farm Bureau strongly supports sound, well-coordinated, voluntary promotional programs for agricultural commodities. We oppose compulsory, uncoordinated programs of the type authorized by section 708 of the Wool Act. The program authorized by section 708 is not voluntary since the producer can neither avoid payment nor get a refund. Under a truly voluntary program he could do either. Since the checkoff is not voluntary it, in effect, amounts to a tax on all woolgrowers for the purpose of raising funds to be disbursed by a private agency. More than \$2½ million is being taken from woolgrowers each year by this checkoff tax. It is true that 70 percent of the producers recorded as voting in the referendum held under section 708 were recorded as favoring the checkoff. But, it should be remembered that (1) cooperatives were allowed to vote for their members, and (2) the total vote was far short of the total number of sheep and wool producers.

Individual producers have considerably less control of the way the checkoff funds are spent than if contributions were voluntary, and it would be next to impossible for individual producers to terminate the program—regardless of the direction it may take. This certainly is contrary to the basic principles of self-government on which our Government was established.

There is no coordination between the promotional program for lamb financed by section 708 checkoff funds and the voluntary efforts of producers to expand consumption of all red meats—including lamb.

In order that there may be no misunderstanding with regard to the kind of promotional programs Farm Bureau supports, we are attaching a copy of our policy resolutions on this subject.

The fact that the Government has been checking off funds from payments due woolgrowers and turning them over to a private group for advertising and promotional activities has stimulated demands for legislation to make possible the use of checkoffs to establish separate competing organizations for beef, pork, and lamb in each State or market area. This could prove extremely costly and wasteful for livestock producers.

There is little evidence to date that the funds collected under the checkoff procedure are being used in such a way as to improve the income of sheep producers. This is particularly true in the case of lamb. The per capita consumption of lamb has continued to decline since the promotional program went into operation. This, of course, reflects factors other than the promotional program because we cannot consume any more lamb than the producers send to market. If the promotional program were effective, however, we would expect that a decline in lamb consumption resulting from lower marketings would be accompanied by an increase in lamb prices but lamb prices have been relatively weaker than beef and hog prices—particularly in the last year.

For example, an 8.3-percent increase in the consumption of beef from the 1952-56 average to 1957 was accompanied by a 1.1-percent reduction in beef cattle prices; a 6.7-percent reduction in lamb consumption from the 1952-56 average to 1957 was accompanied by a decline of 0.5-percent in lamb prices; while a 6.1-percent decline in the consumption of pork was accompanied by a 1.1-percent decline in hog prices. Thus, when we compare 1957 with the 5-year period, 1952-56, we find that the demand for lamb was down substantially in comparison with the demand for beef and little different from the demand for pork, despite the promotional program. Due to reduced supplies, per capita consumption decreased 1.4 percent for beef, 4.5 percent for lamb, and 8.1 percent for pork in 1957 as compared with 1956. The 1.4-percent reduction in per capita beef consumption was accompanied by a 15.4-percent increase in beef cattle prices. The 8.1-percent reduction in pork consumption was accompanied by a 23.6-percent increase in hog prices. The 4.5-percent reduction in lamb consumption was accompanied by a 7-percent increase in lamb prices. Thus, in 1957 reduced supplies produced relatively greater price increases for hogs and cattle than for lamb.

OTHER APPROACHES BEING EXPLORED

In accordance with the provisions of the policy resolution on wool adopted at our last annual meeting we have been exploring alternative possibilities of providing a better program for wool; however, we are not yet in a position to recommend a substitute for the payment program.

Many woolgrowers would prefer an increase in the tariff or authorization to use import quotas to a continuation of the payment program. There are, however, some rather serious obstacles to this approach. In the first place the principal tariff rates now in effect on wool were established by a reciprocal trade agreement. Consequently any action by the United States to raise wool tariffs or impose import quotas on wool could have far-reaching international repercussions and could provoke retaliation against American exports including exports of agricultural commodities. In the second place any increase in our tariff rates would tend to raise the price of both foreign and domestic wool and thereby make wool less competitive with other fibers, including the growing family of synthetics. These are just examples of some problems that must be solved to work out a satisfactory program.

Our present investigations have not developed a substitute program for sheep and wool producers. Therefore, at this time, we will support legislation to extend the present wool program temporarily, provided the mandatory checkoff provision authorized by section 708 is deleted. We are continuing our exploration of the subject and suggest that the language of the extension of the act be such that another program could be substituted for the present one at such time as a better one is developed. We are taking this position because we definitely feel that wool producers need a support program, that the present wool program is unsound from a long-range standpoint, and that efforts to develop a better program should be continued.

ATTACHMENT

Promotion of agricultural commodities

We believe that promotional work is essential for agricultural commodities. The American Farm Bureau Federation through State and county units should stimulate interest among farmers and urge increased support for sound, well

coordinated programs to promote the increased sale and total consumption of farm products without duplication of effort.

We believe that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by an organization of producers (with handlers and processors included where it is mutually agreed that they should be included) through its board or committee; and that such funds should be used solely for the specific purposes for which collected and not for legislative or political activities.

Where well established, nationally recognized organizations are carrying out industrywide promotion plans on a well coordinated national basis with adequate producer representation, we will continue to support and help improve them and will oppose the establishment of duplicating organizations and programs.

Promotion of red meats

Our policy on promotion programs for beef, veal, pork, and lamb is as follows:

(1) Support for a sound, well-coordinated program without duplication of effort should be increased.

(2) The contribution and collection of funds should be handled directly between producers and marketing agencies on a voluntary basis. A voluntary program requires no new legislation.

(3) Funds collected for promotion programs should be used solely for this specific purpose and not for legislative or political activities.

(4) The National Livestock and Meat Board, with 33 years of experience and effective work and currently operating on an annual budget of more than \$1 million, now meets the standards enumerated above. In order to increase the effectiveness of this organization and broaden the base of financial support, we urge that an aggressive effort be made to obtain the cooperation of all livestock marketing agencies and other segments of the industry. If this does not adequately finance as rapid an expansion of the program as feasible, then we recommend that the amount of contribution per head of livestock be increased as soon as possible.

(5) We urge the increased cooperation of meatpackers, retailers, and restaurateurs in increasing advertising and promotion work for meat products.

Mr. WOOLLEY. There is one point that we feel rather strongly about in connection with this and that is that we would like to see the wool program move ahead and be considered on its merits and not combined with a number of other measures. We think that it has sufficient merit to be considered as a separate bill. We think there is grave danger in combining the wool bill with other bills because of the experience we have had in the past that is when bills start being amended, and having added to them various and sundry other measures, by the time the bill finally has been passed it has had so many objectionable features that even the Farm Bureau has had to recommend its veto. We think there is a possibility that we will run the same kind of a risk with respect to wool if it is combined in an omnibus bill with every other commodity.

That does not mean that the Farm Bureau is opposed to legislation with respect to other commodities. As a matter of fact, we are strongly interested in legislation with respect to cotton, feed grains, Public Law 480, and also a number of other commodities. But we think that the combining of them all into one bill creates a serious risk, and we would like to avoid that risk if we could possibly do so in the case of wool—as we would like to in the case of other commodities.

Now the second point that we feel rather strongly about with respect to this subject is the checkoff. In 1955 when we had the referendum on the wool program, section 708 was included as a part thereof, and the producers were in the position of either having to vote for the whole thing or nothing. There were, according to the census of 1954, 336,000 woolgrowers. Only 67,000 woolgrowers voted in the referendum: 47,000 of those woolgrowers said they

were in favor of it. So that was 70 percent of those voting. But the 70 percent of those voting was only 14 percent of the woolgrowers of the country, so that this had the effect of imposing a mandatory tax on 100 percent of the woolgrowers, by 14 percent of the woolgrowers.

It is our thought that the whole question of a voluntary or involuntary checkoff with respect to the promotion of agricultural commodities is a very serious question, and that if you are going to approach the problem from the standpoint of having a checkoff, that there should be at least a minimum requirement for participation in the referendum.

The board of directors of the American Farm Bureau Federation in considering this question thought that it would be fair to require at least 40 percent of the growers to vote in a referendum before a tax could be imposed on all growers. The requirement would be retained that at least 66⅔ percent of those voting by number of growers or head of sheep favor it even though 40 percent of the growers would be required to participate. We think that would be healthy from the standpoint of stimulating interest in getting out the vote and being sure that people expressed their views on the subject.

Mr. Chairman, that is basically and fundamentally our position on the subject. I might point out one thing for the benefit of the committee, if you have not noticed it. I have here a copy of the release put out by the United States Department of Agriculture, dated August 26, 1955, on the referendum, and there were a number of States that did not vote 66⅔ percent of the producers' vote in favor of the program, although there was 71 percent of them in total. Of those States, I think it is interesting that there was Iowa, Michigan, Missouri, New Mexico, New York, Oregon, Texas, and Wyoming that did not show the necessary percentage in favor. In the case of Texas, which is the largest woolgrowing State in the Union, only 49.4 percent of the growers indicated they were in favor of it, and only 51.1 percent of the number of the head of sheep in that State represented indicated they were in favor of it. This is one of the reasons, strong reasons, why we think there ought to be more people participate in the referendum before there is a mandatory checkoff.

Mr. POAGE. Is that all you have to say, Mr. Woolley?

Mr. WOOLLEY. Yes, sir.

Mr. POAGE. I understood you had another statement to make to this committee?

Mr. WOOLLEY. Well, I understood from the chairman yesterday that there was some question about the attitude of the witness toward the chairman of the committee, and also the attitude of the witness toward other members of the committee. I stated privately to the chairman yesterday, and I am happy to repeat again today, that at no time has the witness or anyone else connected with the organization of the American Farm Bureau Federation, indicated that they thought the chairman of this committee was a Communist, or had any leanings or sympathy toward them. I went back and I checked up on the record of the hearing where the question came up, and, Mr. Chairman, on page 45 of that record there was a question raised by Mr. Jones of Missouri. Mr. Jones is not here—Oh, yes, he is here.

There was a question raised by Mr. Jones as to what transpired in his office and I think the record, of course, speaks for itself.

Mr. Jones first raised the question about Communists on page 46, and for the record, that reads as follows:

MR. JONES. And since you have said you did not say what I have said, didn't you tell me then that the program we were suggesting of payments on cotton had been originally inspired by Communists and it was a Communist-type inspired program?

That is the first reference in the record to anything about communism. I answered that as follows:

No. What I said to you was that in 1955, and I am glad you asked that question, because—

Mr. Jones interrupted and the report goes on. Then over on page 47 there was some indication there by you, Mr. Poage, that you felt like we were charging you with being a Communist. And the record shows on page 47 as follows:

MR. WOOLLEY. Mr. Poage, you have given me an opportunity to say something I have been wanting to say in public for a long time. Anybody who takes the position that because someone points out that the Communists are working tooth and toenail to get something and thereby is characterized as saying that everybody that takes that position is a Communist is as unreasonable as anybody can possibly be. I told Mr. Jones unequivocally, and he knows it, that when I said that the Communists who were supporting the production payment thing, that this did not carry with it the idea that he or anybody else that was proposing production payments was a Communist or in sympathy with the Communists. The point I am trying to make—and the record is abundantly clear, your record, because your own record started in 1947—is that the Communists are in favor of production payments, and it raises the question that if the Communists spent thousands of dollars propagandizing for a particular method, and we get documents coming out of the Soviet Embassy in Washington, D. C., advocating that, doesn't it cause somebody to raise a question as to whether or not it might or might not be against our interest. That is the question, and it is not that you are a Communist. I know you are not, at least I hope you are not.

Now with respect to that last phrase, I understand that that is the point that the chairman takes exception to. I think if you will recall the situation, Mr. Jones was talking, Mr. Poage was talking, I was talking, Mr. Fleming was trying to get the floor and I insist that I did not in any way intend to imply or say that you were a Communist. All I was trying to make clear was that the Communists were back of production payments, they have spent all kinds of energy promoting it. I have a file here that is at least a foot thick on the subject, showing that beginning in 1947 they have been working at it. As a matter of fact, I have in my briefcase right now the May 1958 issue of Political Affairs, which is a Communist publication, in which they come out and say that: "Later, Secretary of Agriculture Brannan borrowed the idea for his Brannan Plan but weakened it by raising to \$25,000 the amount of production to be supported."

I certainly do not want the record to leave the impression that I think because the Communists are pushing production payments that anyone in the Congress is connected with the Communist Party in any way, or is necessarily sympathetic to their ideas. I have never intended that, and I have denied it to everyone at every time, and anything that anyone says to the contrary is a complete misunderstanding.

MR. POAGE. Thank you, Mr. Woolley.

Are there any questions of Mr. Woolley?

Mr. HILL. I would like to ask a question, Mr. Chairman.

What can this committee do, or the farm organization, to bring about a wider representation in the minds of the farmers when we offer a vote on what type and kind of program they wish? In other words, what educational program can we carry out, the farm organization and members of this agriculture committee, to get a larger percentage of participation in the vote? What are we going to do about it?

Mr. WOOLLEY. Well, I assume that your question is in connection with the wool program?

Mr. HILL. No, it is not, it is in connection with all the programs where we give a farmer a chance to make a selection. Now if he is not going to make that selection, in percentage enough to represent the thinking of the farmers that grow that crop, what is the use of putting out a questionnaire asking his position—when you are not going to get many replies?

Mr. WOOLLEY. Well, we take the position in the American Farm Bureau Federation, Mr. Hill, that it is our responsibility to present as many facts as we can through all of our various media to the farmers as to what the pros and cons are with respect to any referendum that is put to them for a vote. We do not take the point of view that it is our responsibility, we think it is improper on our part, to tell them how they are to vote. We just merely do everything we can to see that they understand that a vote is being taken, and that it is in the interest of everyone to know the issues on both sides, and we do everything we can to urge that they vote with respect to the subject.

Mr. HILL. Have you any indications that would convince you that any of these questionnaires sent to the farmers are receiving more support, or more of the farmers are participating today than there were 5 years ago, or are we making any headway?

Mr. WOOLLEY. I have no evidence that indicates to me that more farmers participate now than did at any time. As a matter of fact, I think that in the thirties there was a higher percentage of participation in the referendum at that time than there is now. Of course, I think it should be recognized that there are provisions in the procedures and in the law which exclude from voting a number of producers with respect to many of these commodities, and most of those exclusions we find ourselves out of sympathy with. I have particular reference to the 15-acre provision in the case of wheat. We do not think it is wise to exclude the farmers from voting in that particular instance; we would eliminate that sort of an exception. We also have the feeling in the Farm Bureau that any of these referendums are not adequate from the standpoint of allowing everyone to participate in the vote who is affected thereby. We have the feeling that whenever you take acreage out of wheat or cotton and that acreage can then be devoted to other crops, that farmers who are producing other crops also have an interest in it, and that by limiting the vote to just the immediate producers affected, that you thereby do not get a representative vote.

Mr. HILL. One other question, an idea of my own: Why should a sheep producer and a wool grower of a little flock of 10 sheep on his farm have exactly the same power in voting on a referendum as the grower in the West with a flock, we will say, of 5,000?

Mr. WOOLLEY. Well, that question—

Mr. HILL. He has little or no effect on the market if he only has a flock of 7 or 8 head. That would be just the opposite of what you are saying about the corn and wheat.

Mr. WOOLLEY. Well, that of course, involves a very deep-seated question of your philosophy as to qualifications of voters. Our basic philosophy is that everyone who has an interest ought to be permitted to vote, and the fact that that interest is a small interest should not be weighed against someone who has a larger financial interest. It may be that this small interest that the person has is all the interest that he has in any commodity, and it may be very important to him although it is very small in terms of dollars and cents.

Mr. HILL. Well, doesn't your reasoning come from the idea that you are letting political issues affect your thinking on agriculture? Now certainly the people who produced the wool ought to set or influence the type of legislation.

Mr. WOOLLEY. Well, of course, Mr. Hill, when we—

Mr. HILL. Now they do that politically, but certainly not in wool production because I can take 10 States, maybe not quite 10 States, and find 75 to 90 percent of your wool production.

Mr. WOOLLEY. We are not adverse to a requirement that is based on the number of head of sheep. We are not opposed to that. We think that that could be worked in.

Mr. HILL. That is probably the way it ought to be.

Mr. WOOLLEY. We are not opposed to that. We think it ought to be in conjunction with all growers, too. We think you could say—

Mr. HILL. The thing that is causing my thinking, I will give you an illustration: The State of New York has four hundred thousand some acres of wheat, but they grow most of it for what? Feed. Then when it comes to a vote to control the price of wheat, which they do not put in the market at all, very little, then you say to our growers in the High Plains and the western section of the United States, "Well, here these little folks with 15 to 20 acres of wheat have just as much power at the ballot as the man with a thousand acres in Colorado or Kansas." Now, just tell me a more unfair way of voting you could have than that?

Mr. WOOLLEY. We think it is an inevitable consequence of mixing up economic problems with political problems. We think that when an economic problem gets tossed into the political arena farmers must stand on the political effects as well as economic effects. This is a part of the problem on the whole farm program. How to reconcile political and economic considerations when they both come together the way they do in the farm program. This is one of our real problems.

Mr. POAGE. Thank you, Mr. Woolley, we are glad to receive your statement.

Mr. WOOLLEY. Thank you.

Mr. POAGE. Congressman Fisher must go to his own committee so we will hear from him now.

**STATEMENT OF THE HON. O. CLARK FISHER, 21ST DISTRICT,
TEXAS**

Mr. FISHER. Mr. Chairman, the hearings are about to conclude on the extension of the Wool Act, which was passed by Congress 4 years ago on sort of a trial-run basis to see how it would work. It seems now that practically all organizations dealing with this subject are in favor of it, the National Grange, the Farmers Union, the Farm Bureau, and most all of the witnesses, in fact in this committee all of the witnesses who have been heard here, are in favor of it. So apparently it has worked very well. This being a deficit commodity, this undertaking to stabilize it and encourage more production seems to have worked very well.

There is one thing that I would like to point out in conclusion, reemphasizing what I said at the original hearings held about 2 months ago, and that is the problem that has developed about the financing of the program. When the incentive payment program under the National Wool Act of 1954 was first proposed, it was felt that over the years an amount equal to 70 percent of the specific duties collected on wool and wool manufactures would be sufficient to finance the payments required to bring the national average price received for wool in the free market up to incentive level.

The National Wool Act of 1954 limits the total amount of payments up to any date to the cumulative total of that amount from January 1, 1953, to the same date. Only 70 percent was taken so as not to interfere with the 30 percent appropriated for use under section 32 of the Agricultural Adjustment Act. No one wanted to disturb that, of course. Seventy percent of the specific duties only were taken because in 1954 it was thought that such a portion would be adequate even though the specific duties constitute only about two-thirds of all duties collected on imports of wool and wool manufactures. In addition to the specific duties, there are the ad valorem duties. These are the duties collected at a rate in percentage of the value of the produce being imported. The specific duties are the ones that are figured at a fixed number of cents per pound. Raw wool, for example, carries only a specific duty. Wool fabrics imported carry both a specific duty and an ad valorem duty.

With the general decline in imports of raw wool in recent years, and the lower prices received for wool by domestic growers than was anticipated, it is apparent that the specific duties are insufficient to finance the payments required to maintain the incentive price for shorn wool at a truly incentive level.

I think everyone realizes that if and when the act is extended provision should be made to provide sufficient funds for carrying out its intent, and we believe the logical method to do this is the amendment as originally proposed, about 2 months ago, which would allow the use of funds to an amount equal to 70 percent of all wool duties, rather than limiting it to just 70 percent of specific duties.

I wanted to emphasize that, Mr. Chairman, in conclusion, and I also ask permission to include that as part of my statement.

Mr. POAGE. Without objection it will be made a part of the record. (The document referred to follows:)

SUPPLEMENTAL STATEMENT OF REPRESENTATIVE O. CLARK FISHER, OF TEXAS

Mr. Chairman, at the time of the original hearings on the 15 bills pending before this committee to extend the National Wool Act of 1954, with the concurrence of the authors of all these bills, I propose to this committee 2 amendments. One would provide more funds if needed to carry out the intent of the program and the other would lengthen the period of time for which the act would be extended.

Developments since the early February period at which these amendments were presented, together with later figures and estimates of need, indicate even more than before the importance of these amendments for committee consideration.

In April, the first month of the 1958 marketing year, the average of prices received by growers for shorn wool was 37.7 cents a pound. After reaching 56.4 cents last June, the reported monthly average of prices received by growers has declined to the lows of late 1955 and early 1956. The current market quotations at Boston are even lower—they are the lowest in 12 years, being down to their levels of late 1946 and early 1947.

Prices for wool in the domestic market began to decline last June following the reduction of prices in the world market. Curtailed buying by the United States and Japan and uncertainty of demand prospects in the United Kingdom and France were initially depressing factors in the world market. Inventory accumulation was discouraged by the increases in interest rates in both the United States and the United Kingdom. Subsequently, there was a further easing of demand for wool in the world market generally.

Before the decline in prices began last summer, world production and consumption of wool were about in balance. However, after having increased for 3 years in a row, consumption began to decline in 1957 and by the last quarter was about 10 percent below a year earlier. The rate of United States mill consumption of apparel wool has declined to less than two-thirds of what it was a year ago and is now about one-half of what it was before the decline in United States mill consumption began in the summer of 1956.

Historically, United States mill consumption of wool has followed a cyclical pattern, the cycle being from $1\frac{1}{2}$ to about 3 years in length. It has now been on the decline since the summer of 1956.

Wool prices in the United States are currently being unduly depressed in relation to prices in the world market by the combination of three factors—the cyclically low rate of mill consumption, the resulting high ratio of stocks to mill use, and the recession in general business activity. Wool prices have always been most sensitive to general economic outlook. Uncertainty on the part of buyers as to the duration and extent of the decline in business activity is doubtless a predominate factor accounting for the current low level of prices in this country.

Even with the reduced consumption of wool per capita resulting from the trend toward lighter weight fabric and competition from the manmade fibers, the deficit situation of the United States with respect to wool is such that imports will continue to be required over the years ahead even with domestic production of shorn wool increased to 300 million pounds, grease basis, annually.

Over the long run with the CCC-owned wool out of the picture and the United States continuing on an import basis, wool prices in this country will largely be determined by the level of prices in the world market. The major wool exporting countries whose national economy is largely dependent upon wool, have a vital interest in maintaining prices and from past history may be expected to take steps to prevent disastrously low prices for wool. Prices in the world market have declined to levels where steps are already being taken in New Zealand and South Africa to support prices. With any stability of prices in the world market, wool in the United States is in position to promptly reflect any cyclical improvement in mill consumption or in the general business outlook.

Except for periods like the present which is considered temporary, the national average of prices received by growers for shorn wool may be expected to range from 45 to 50 cents a pound. At such levels, the annual payments required under the National Wool Act of 1954 with the incentive price for shorn wool at 62 cents will total from 40 to 50 million dollars.

With these things in mind, I have worked up a table showing a projection of payments under the wool payment program and the duty collections which would be available through the 1958 marketing year with prices at approximately their current level. I would like to file that with the committee for the record. It should be realized these are projections and there is every hope that there will be an improvement in the market situation before the bulk of the 1958 clip wool

is sold. In such event, the required payments would not be as large as indicated in this table.

Projections of payments under wool payment program and duty collections available for payments through the 1958 marketing year

Period	Average price received by producers		Total payments		Duty collections available for payments	
	Shorn wool	Mohair	Year	Cumulative	Year	Cumulative
Jan. 1, 1953 to Mar. 31, 1955	<i>Cents</i>	<i>Cents</i>				
1955 marketing year	42.8	1 82.2	\$58,000,000	\$58,000,000	\$31,480,000	\$68,655,000
1956 marketing year	44.3	1 84.4	53,100,000	111,100,000	28,157,000	100,135,000
1957 marketing year, projected	1 54.4	1 88.6	23,000,000	134,100,000	1 23,390,000	151,682,000
1958 marketing year, projected	1 40.0	50.0	1 70,000,000	204,100,000	1 27,000,000	178,682,000

¹ No payments were required on mohair the first 3 marketing years as the average price received by growers in the free market was above the support price of 70 cents.

² The average price received by growers for shorn wool for the first 10 months of the 1957 marketing year was 54.4 cents per pound. The actual average for the full marketing year will not be available until late June.

³ Assumes some improvement in prices between now and March 1959. The average in April, the 1st month of the current marketing year, was 37.7 cents a pound.

⁴ At \$3,000,000 for each 1 cent the national average price received by growers for shorn wool is below the incentive level of 62 cents, the wool payments will total around \$66,000,000. At \$200,000 for each 1 cent the national average price received by growers for mohair is below the support price of 70 cents, the payments on mohair will total around \$4,000,000.

⁵ Estimated on the basis of imports of raw wool during the 1957 marketing year being about 25 percent below those of a year earlier.

⁶ Assumes domestic mill consumption during the 1958 marketing year will increase to about 10 percent above that for the 1957 marketing year and larger imports will be required to supply such requirements.

From these figures it appears that the total amount of payments required for the 4 marketing years under the National Wool Act of 1954 may exceed the duty collections available for payments through the close of the 1958 marketing year by around \$25 million. Under the act the duty collections after the close of the marketing year and up until the time the payments are actually made can be used in figuring the total amount available for payments. However, unless wool prices improve or imports are greater than assumed in these projections, provisions should be made for additional funds to make the payments for the current marketing year; otherwise the payments may be unduly delayed.

When the incentive payment program under the National Wool Act of 1954 was first proposed, it was felt that over the years an amount equal to 70 percent of the specific duties collected on wool and wool manufactures would be sufficient to finance the payments required to bring the national average price received for wool in the free market up to an incentive level.

The National Wool Act of 1954 limits the total amount of payments up to any date to the cumulative total of that amount from January 1, 1953, to the same date. Only 70 percent was taken so as not to interfere with the 30 percent appropriated for use under section 32 of the Agricultural Adjustment Act. Seventy percent of the specific duties only were taken because in 1954 it was felt that such a portion would be adequate even though the specific duties constitute only about two-thirds of all duties collected on imports of wool and wool manufactures. In addition to the specific duties, there are the ad valorem duties. These are the duties collected at a rate in percentage of the value of the product being imported. The specific duties are the ones that are figured at a fixed number of cents per pound. Raw wool, for example, carries only a specific duty. Wool fabrics imported carry both a specific duty and an ad valorem duty.

With the general decline in imports of raw wool in recent years and the lower prices received for wool by domestic growers than was anticipated, it is apparent that the specific duties are insufficient to finance the payments required to maintain the incentive price for shorn wool at a truly incentive level.

Demand for raw wool in this country is being restricted and hence prices to growers lowered because of the competition from imports of wool manufactures. So in figuring the amounts available for price assistance to woolgrowers, it would be only logical to consider all duties instead of only the specific portion of the

duties collected. This would increase the amounts available for payments by about 50 percent.

I think everyone realizes that if and when the act is extended provisions should be made to provide sufficient funds for carrying out its intent and we believe the logical method to do this is the amendment as originally proposed which would allow the use of funds up to an amount equal to 70 percent of all wool duties, rather than limiting it to just 70 percent of specific duties.

At this point, I would like to present to the committee a table showing the ad valorem amounts of duties collected as well as the specific duties.

Duties collected on wool and wool manufactures imported into the United States

[In thousands of dollars]

Period	Items with specific duties only	Items with compound duties		Items with ad valorem only	Total duties collected			70 percent of duties collected	
		Specific	Ad valorem		Specific	Ad valorem	Total	Total	Specific only
1948.....	63,826	¹ 3,233	9,200	5,150	67,059	14,350	81,409	56,986	46,941
1949.....	42,752	¹ 3,011	8,569	3,708	45,763	12,277	58,040	40,628	32,034
1950.....	68,361	¹ 5,306	15,100	5,527	73,667	20,627	94,294	66,006	51,667
1951.....	69,870	¹ 7,068	20,116	6,116	76,988	26,232	103,170	72,219	53,857
1952.....	66,501	¹ 8,396	23,897	4,828	74,897	28,725	103,622	72,535	52,428
1953.....	43,732	² 7,001	19,926	5,110	50,733	25,036	75,769	53,038	35,513
1954.....	30,873	5,399	15,647	4,716	36,272	20,363	56,635	39,644	25,300
1955, January to March.....	9,891	1,184	3,280	1,303	11,075	4,583	15,658	10,961	7,752
1955 marketing year, total.....	36,691	8,281	22,195	6,405	44,972	28,600	73,572	51,500	31,480
1956 marketing year:									
April 1956.....	3,106	833	1,990	488	3,939	2,478	6,417	4,492	2,757
May 1956.....	3,891	1,095	2,540	517	4,986	3,057	8,043	5,630	3,490
June 1956.....	2,270	1,027	2,436	320	3,297	2,756	6,053	4,237	2,308
July 1956.....	2,352	1,086	2,931	534	3,438	3,465	6,903	4,832	2,407
August 1956.....	2,334	1,038	2,830	501	3,372	3,331	6,703	4,692	2,360
September 1956.....	1,670	591	2,362	566	2,261	2,928	5,189	3,632	1,583
October 1956.....	1,873	1,134	3,051	697	3,007	3,748	6,755	4,728	2,105
November 1956.....	1,818	766	2,311	464	2,584	2,775	5,359	3,751	1,809
December 1956.....	2,159	296	938	579	2,455	1,517	3,972	2,780	1,718
January 1957.....	3,232	946	2,451	468	4,178	2,919	7,097	4,968	2,925
February 1957.....	2,711	465	1,230	493	3,176	1,723	4,899	3,429	2,223
March 1957.....	2,645	888	2,190	639	3,533	2,829	6,362	4,453	2,473
Total.....	30,061	10,165	27,260	6,266	40,226	33,526	73,752	51,626	28,157
1957 marketing year:									
April 1957.....	2,379	905	2,219	482	3,284	2,701	5,985	4,190	2,290
May 1957.....	2,215	1,052	2,549	513	3,267	3,062	6,329	4,430	2,287
June 1957.....	2,136	980	2,448	343	3,116	2,791	5,907	4,135	2,181
July 1957.....	1,983	1,524	4,168	722	3,507	4,890	8,397	5,878	2,455
August 1957.....	2,018	672	2,363	516	2,690	2,879	5,569	3,898	1,883
September 1957.....	1,963	522	1,833	653	2,485	2,486	4,971	3,490	1,740
October 1957.....	1,759	535	1,934	737	2,294	2,671	4,965	3,476	1,606
November 1957.....	1,368	343	1,185	564	1,711	1,749	3,460	2,422	1,224

¹ Estimated on the basis of 26.0 percent, the average of compound duties collected from Jan. 1, 1953, through Mar. 31, 1956.

² Estimated on the basis of 26.3 percent, the average of compound duties collected during the first 6 months of 1954.

NOTE.—Compiled from data furnished by the Treasury Department.

This table shows that the amendment would make available approximately 50 percent more funds than under the present language of the act, in the event it was needed.

The second amendment proposed to your committee earlier would remove the 4-year limit on the operation of the act.

The incentive payment program under the National Wool Act is proving to be a sound solution to the special problem of wool and it really should be continued without termination date. Due to the longtime nature of sheep and wool production, woolgrowers must be assured of the continuance of such price assistance over a period of years in order for them to maintain and increase their production in accord with the intent of the act. Farmers or ranchers cannot afford to go into sheep or wool production for a short period as they can in the case of crops. There is a problem of obtaining breeding stock and arranging for the grazing and maintenance for the animals the year round.

Any limitation on the period of the program tends to detract from the incentive price as an incentive for increased production just like at the present time. There will be some uncertainty on the part of growers as to whether to retain more of their ewe lambs for breeding stock until they know definitely whether the incentive program on shorn wool is to be continued beyond March 31, 1959.

In order to maintain the gains toward increased wool production already under way, an incentive price for the 1959 marketing year which begins next April must be announced this summer. Otherwise, our domestic wool growers will figure that they cannot count upon more than the free market price for their wool after March 31, 1959, when the authority for incentive payments under the present act expires. Without assurance of continuance of an incentive level, they will not have the confidence to retain ewe lambs for breeding stock.

Increases in sheep and wool production due to the very nature of the enterprise can be only gradual even under the most favorable conditions. Considering the time it takes to hold back more ewe lambs for breeding and getting those lambs into production, a 3- or 4-percent increase annually is about all that can be expected in practical operations. Raising more sheep is not like raising more wheat where the seeding of 1 more bushel of wheat can result in 30 or 40 more bushels within a few months.

Due to the longtime nature of the sheep and wool enterprise, a continuing program is essential to give growers the confidence needed for them to make plans for increasing wool production. The incentive price must be announced at the time they are deciding whether or not to hold back their ewe lambs for future breeding purposes and thus long before the increased production from those lambs will reach the market.

I respectfully, therefore, urge this committee assist the sheepmen of the United States by providing as early an extension of the National Wool Act as is possible.

In closing, I would like to direct my remarks to some considerable comment made yesterday at the hearing as to whether or not the Wool Act was working toward the goal of increased production.

According to latest estimates, domestic production of shorn wool last year totaled 235 million pounds compared to the goal for an annual production of 300 million pounds as the declared policy of Congress under the National Wool Act of 1954.

With regard to the accomplishments of the incentive-payment program toward increasing wool production, growers did not get their first payments under the program until the summer of 1956. Furthermore, severe drought conditions prevailed in Texas and other important sheep producing areas during the first years of the program.

According to the release by the Department of Agriculture February 14, stock sheep and lambs on ranches January 1 were estimated at 27,390,000 head, or 3 percent more than a year earlier and the largest inventory number since January 1, 1953. Ewe lamb numbers increased sharply to 4,347,000 head, a gain of 16 percent from a year earlier, and reached the highest level since January 1, 1952.

The retention of more ewe lambs indicates that the incentive-payment program is encouraging growers to expand their sheep and wool production operations as range and forage conditions permit in accordance with the intent of the act. There were increases in stock sheep numbers last year in 8 of the 13 western sheep States and in 21 of the 35 native States.

Current reports on the prices being paid for ewe lambs and breeding stock, both in the western and in the native sheep States, show that the greater interest in sheep raising is continuing. The increase in sheep production contributes to a grassland agriculture in areas that have been producing cash crops in surplus, and is of benefit from that standpoint.

Mr. POAGE. Thank you very much, Mr. Fisher.

Is there anyone else who wants to be heard on wool? Does anyone have a statement they want to file or make?

Mr. HAGEN. I wish to ask a question—

Mr. POAGE. We can hardly take the time, Mr. Hagen. Mr. Fisher is leaving for his own committee meeting, and the Dairy Subcommittee has to meet here. We have to adjourn.

Mr. HAGEN. Mr. Jennings raised a point the other day about whether there was any collusion—

Mr. POAGE. There is no witness before us of whom to ask a question.

Mr. HAGEN. Mr. Franklin is in the audience.

Mr. POAGE. Mr. Franklin is not a witness, and the Dairy Subcommittee is due to meet here. We have imposed on them too long. We simply have to let them meet. The subcommittee will now adjourn to room 1308. You may come there and ask any question you wish to, but we have to give this room to the committee to whom it belongs.

The committee will move into executive session in room 1308.

(Whereupon, at 10:05 a. m., the subcommittee went into executive session.)

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